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(15372)

FURTHER CORRESPONDENCE

RESPECTING

TURKEY

PART XXXIII

JANUARY TO JUNE 1937

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Further Correspondence respecting Turkey.

PART XXXIII.—JANUARY TO JUNE 1937.

[E 24/24/44] No. 1.

Sir P. Loraine to Mr. Eden.—(Received January 4, 1937.)

(No. 625 E.) *Angora, December 21, 1936.*

Sir,

I HAVE the honour to transmit to you the accompanying copy of O.T. (B) despatch No. 379/36 from the commercial secretary of His Majesty's Embassy to the Department of Overseas Trade, on the subject of the Turkish import and export returns for the month of September 1936, in which I beg leave to draw your attention to the following points of especial interest:—

2. It will be seen that the position held by Germany in Turkey's foreign trade continues preponderating. German exports to Turkey during the first nine months of the year amounting to 46 per cent. of the total Turkish import trade, and German imports to 49¼ per cent. of the total Turkish export (compare my despatch No. 193 E. of the 10th April last).

3. With regard to the position of trade between the dominions and colonies and Turkey (see your despatch No. 574 of the 23rd November and previous correspondence), statistics are now published for the first time, and show in general a balance favourable to Turkey during the first nine months of 1936. The Turkish statistics confirm the contention of the Canadian Government that the balance of trade between Canada and Turkey is favourable to Turkey, a contention recently put forward to the Turkish Government by this Embassy in support of the Canadian claim to benefit by list KL (my despatch No. 487 E. of the 23rd September 1936). It may be observed that, according to the Turkish statistics, the balance of trade between India and Turkey (which formed the subject of correspondence ending with your despatch No. 288 of the 11th June) is favourable to Turkey and not to India.

4. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

Enclosure in No. 1.

Commercial Secretary, Istanbul, to Department of Overseas Trade.

(O.T. (B) No. 379/36.) *Istanbul, December 12, 1936.*

Sir,

WITH reference to my despatch Overseas Trade (B) No. 324/36 of the 2nd November last, transmitting a copy of the Turkish import and export returns for the month of August 1936, I have the honour to forward herewith a copy of the returns for the month of September 1936.

2. Imports during that month amounted in value to £T. 7,643,157, as compared to £T. 7,876,511 during the corresponding month of 1935, whilst the value of exports was £T. 12,884,391, as against £T. 9,754,077 in September 1935.

3. Turkey's principal imports during the first nine months were :—

	January–September inclusive.
	£T.
Woollen and worsted yarns	2,254,843
Woollen tissues	1,275,103
Sugar	1,352,935
Coffee	1,172,858
Cotton yarns	2,162,974
Cotton tissues	7,048,627
Iron and steel manufactures	2,182,539
Rails and sleepers	1,456,479
Textile machinery and parts	1,198,984
Machine tools	1,250,163
Milling and other machinery	2,595,369
Railway carriages and wagons	1,483,089

4. The principal exports were :—

Eggs	1,287,612
Fresh and salted guts, &c.	1,048,489
Raw hides	2,750,349
Wool and goathair	4,447,666
Mohair	4,785,435
Dried peas and beans	1,038,175
Sultanas	4,508,831
Figs	1,619,704
Shelled hazel nuts	6,347,565
Tobacco in leaf	9,380,292
Opium	1,098,701
Cotton, raw	6,375,102
Chrome ore	2,169,419
Coal	2,223,877

5. It is of great interest to observe that, for the first time for some years, the statistics include a list of imports and exports by country of origin and destination.

6. The most striking features of this list is the position held by Germany, whose exports to Turkey during the first nine months of the year amounted to £T. 30,635,531 out of a total from all countries of £T. 66,655,420, or 46 per cent. of the total import trade. The value of Germany's imports from Turkey was £T. 31,764,833 out of a total export from Turkey of £T. 64,190,858, or 49·5 per cent.

7. No other country has one-quarter of Germany's share of either the import or the export trade, the second country in order of importance being the United States, with exports to Turkey to the value of £T. 6,766,245 and imports from Turkey £T. 5,723,897.

8. The third position is occupied by the United Kingdom with—

Exports to Turkey : £T. 4,228,668 (6·4 per cent.).
Imports from Turkey : £T. 3,337,661 (5·2 per cent.).

9. The principal countries exporting to Turkey were :—

	January–September 1936 *inclusive.*
	£T.
Germany	30,635,531
United States	6,776,245
United Kingdom	4,228,668
U.S.S.R.	3 679,591
Czechoslovakia	2,820,286
Austria	2,068,832
France	1,896,119

10 The principal countries importing from Turkey were :—

	January–September 1936 *inclusive.*
	£T.
Germany	31,764,833
United States	5,723,897
United Kingdom	3,337,661
Czechoslovakia	3,008,097
France	2,580,498
U.S.S.R.	2,332 115
Italy	1,958,515

11. In view of the exchange and quota restrictions placed on the trade of British dominions and colonies as a result of the contention of the Turkish Government that the trade exchanges of these countries are unfavourable to Turkey, it is of particular interest to note that statistics are now included in regard to each of these countries, and that, in general, the results for the first nine months of 1936 show a balance favourable to Turkey.

The returns for these dominions, colonies, &c., are :—

	Exports to Turkey.	*Imports from Turkey.*
	£T.	*£T.*
Irish Free State	1,502	56,195
Malta	22,570	233,949
Palestine	266,719	392 439
India	313,932	653,062
Cyprus	278	10,585
Ceylon	89,736	5,675
South Africa	3	8,471
Canada	3	77,382
Australia	...	58,269
New Zealand	...	47,012

It is, however, unlikely that any modification will be made by the Turkish Government in their present policy in regard to the above countries until statistics for a whole year are available.

12. For convenience of reference a slip has been inserted on p. 10 of the returns giving a translation of the names of the countries shown thereon, the numbers corresponding with those shown on the Turkish list.

13. Extra copies of this despatch are enclosed for transmission to the Librarian, Board of Trade, and, if considered desirable, to the Dominions and Colonial Offices, together with an extra copy of the returns for the Librarian, Board of Trade.

I have, &c.
R. S. ROBERTS

[E 189/189/44] No. 2.

Sir P. Loraine to Mr. Eden.—(Received January 7.)

(No. 1.) *Angora, January 1, 1937.*

Sir,

I HAVE the honour, with reference to my despatch No. 2, Confidential, of the 1st January, 1936, to transmit to you herewith the annual report on the heads of missions in Turkey in 1936.

2. The passages enclosed in brackets have been taken from previous reports.

I have, &c.
PERCY LORAINE.

Enclosure in No. 2.

Report on Heads of Foreign Missions in Turkey.

AMBASSADORS.

Afghanistan.

(Sultan Ahmed Khan presented his credentials on the 28th March, 1931. He has already risen to the position of dean of the Diplomatic Body, replacing the former Soviet Ambassador in that capacity when the latter was transferred to Berlin in the summer of 1934.

Of Sultan Ahmed Khan's diplomatic abilities it is difficult to judge; but he seems to be thoroughly *persona grata* to the Turks, whose language he speaks, and he shows himself most friendly and amiable to all with whom he comes in contact. He is a pleasant colleague and, I should say, a convinced Anglophil both in his personal and political outlook.

He is married, but his wife very seldom appears in non-Moslem society and possesses no language but her own, though she is credited with an effort to learn French. Since the Ambassador's assumption of the decanate, the principal diplomatic lady on public occasions or entertainments has, thanks to the retiring disposition of the Afghan Ambassadress, been the Polish Ambassadress. 1934.)

Since the transfer of the Polish Ambassador, Count George Potocki, the duties of principal diplomatic lady on public occasions, &c., have devolved on Lady Loraine.

Soviet Union.

(M. L. M. Karakhan, fully accredited Ambassador, presented his credentials on the 23rd October, 1934.

He is a well-set-up man, neatly dressed and has the reputation, maybe not unjustified, of being a veritable Beau Nash among the Commissars of the Soviet Union. He is, furthermore, credited wtih tastes for athletic pursuits and for the chase, which I believe are uncommon among his present-day compatriots.

The suggestion in previous reports that M. Karakhan is of Armenian origin appears to be incorrect. I understand that he springs from one of the Caucasian mountain tribes.

His career will be familiar to the Foreign Office, especially the rather sinister rôle that he played during his diplomatic mission to China. It is said that M. Litvinov fears him as a rival, and rumour has it this consideration weighed with M. Litvinov when securing M. Karakhan's appointment to a tolerably distant post. 1934.)

M. Karakhan's absences from his post during the first year of his mission have been neither infrequent nor brief. As a consequence, I have not seen a great deal of him. His manner and outlook towards my country and me myself are sufficiently friendly. With the Turks he is on a comradelike footing, and they show him every personal consideration. I have nevertheless the impression that Soviet friendship, though still very important, occupies rather less of the Turkish horizon than in recent years. 1935.)

Italy.

(M. Carlo Galli presented his letters on the 12th January, 1935.

His previous record as Italian Minister in Tehran, where he was my colleague, and later in Yugoslavia, where he enjoyed the personal friendship and esteem of Sir Nevile Henderson, will be known to your Department. It will also be remembered that, after the conclusion of the peace treaties, M. Galli co-operated closely in Paris with Sir R. Vansittart and M. Kammerer, as experts for the settlement of a number of questions of interest to the United Kingdom, France and Italy arising out of the war.

M. Galli is married to a French wife, who recently presented him with a son, which is the great pride of the household. It is not possible for M. and Mme. Galli to entertain on any but the smallest scale, their present lodgment being an unspacious house of the bungalow type. The construction of an Italian Embassy in Angora, on a large and handsome scale, it is said, has been put in hand since M. Galli came here, and the Ambassador is believed to be acting as his own architect.

M. Galli is certainly one of the most capable Italian representatives abroad and is, I have little doubt, a Fascist by necessity rather than by choice. In saying this, I do not wish to belittle his Italian patriotism, which I believe to be fervent. His first contacts with the Turks were definitely auspicious; he seemed to them friendly disposed, broad-minded, and of temperate manner and judgment, and it was certainly hoped that, with his assistance, Italo-Turkish relations would become smoother and more normal. The development of the Italo-Ethiopian conflict and the unconcealed determination of the Turkish Government to fulfil faithfully their obligations under the Covenant of the League, preserving so far as they can in these circumstances friendly relations with Italy, have necessarily delayed this process. I judge, however, that M. Galli has handled this, for him, difficult position with enough skill and tact to avoid hurting any Turkish susceptibility or arousing any Turkish animosity.

Similar causes have, tacitly, contracted my own relations with M. Galli to a state of cordial personal civility when we happen to meet. I feel that he is nervous and more than anxious about the consequences for Italy of the adventure into which the Mussolinian régime has plunged her; but whatever his personal judgment in this regard may be, I do not believe that it will deter him from supporting and furthering, so far as in him lies, the policy of his Government at this perilous juncture of his country's fortunes. 1935.)

I fear that the Ethiopian episode has destroyed Signor Galli's sense of humour, and to that extent warped his judgment. He seems to be obsessed by the belief that the United Kingdom has become fundamentally hostile to Italy. A successful conclusion of the Anglo-Italian Gentleman's Agreement which was under negotiation at the end of 1936 may very probably lead him back to a less emotional perspective.

Japan.

(Mr. Iyemasa Tokugawa, K.C.V.O., presented his letters on the 7th March, 1935. He is of distinguished lineage, being a member of the Shogun family, and since 1909, when he became an attaché to the Japanese Embassy in London, he has held a number of diplomatic appointments.

There is no Japanese Ambassadress in residence here, and I rather fancy that Mr. Tokugawa is a widower. During the first few months of his mission his daughter did the honours of his house, but has since left him to be married.

Mr. Tokugawa is a quiet man, with charming manners and an agreeable address. He speaks English well, but no French. Although a little melancholy in appearance, one sometimes detects in him a glint of humour. He seems to be well informed, thoughtful and intelligent. Turco-Japanese relations do not loom very large in Angora and I have had no sufficient opportunity for forming an opinion about his diplomatic ability. I should judge him to be competent. 1935.)

It was announced in the press towards the end of the year that Mr. Toshihiko Taketomi, at present Japanese Minister to the Netherlands, would replace Mr. Tokugawa as Japanese Ambassador in this country.

Germany.

(Herr von Keller presented his letters on the 28th October, 1935.

Beyond the usual exchange of formal visits, I have seen little of Herr von Keller. First impressions of him are, however, favourable: rather the old type of diplomatist and not, I should say, either of the fire-breathing or the *faux bonhomme* type of German representative.

He is married to an agreeable German lady, and both of them speak very adequate English. His attitude towards myself has been definitely friendly, and I gather his sentiments to be distinctly Anglophil. There are several children, but I believe only one daughter with her parents at the moment.

Herr von Keller's relations with the Turks seem to be good and friendly. 1935.)

My further acquaintance with Herr von Keller has served to confirm my earlier impressions.

United States of America.

Following on the retirement of Mr. Robert P. Skinner, the post of United States Ambassador has been filled by Mr. John van Antwerp MacMurray. He presented his credentials on the 16th March, 1936. Mr. McMurray came from the post of United States Minister to the Baltic States, and he had previously been Minister in Peking, where, I believe, his relations with his British colleague were all that could be desired. United States interests in this country are not very considerable, and the post of American Ambassador must necessarily

be one rather of observation than of great diplomatic activity, the principal interests being economic rather than political. My impression, formed by a longish experience in diplomatic duties, is that Mr. McMurray will discharge his functions with dignity and efficiency. His attitude towards me myself has been most friendly from the outset; I have had no difficulty in quickly establishing with him friendly and cordial personal relations, and I gauge him to be a man straightforward in his methods of thought, and honourable in his dealings. I judge him also to be a sincere friend of England and a sincere admirer of the moral weight that England carries in the counsels of the nations. Mr. MacMurray is accompanied by a wife and daughter.

Iran.

M. Khalil Fahimi presented his letters on the 14th May, 1936.

During my residence in Iran as His Majesty's Minister, I was well acquainted with this Iranian representative, who was then known as Fahim-el-Mulk, and had at various times held Cabinet office. Immediately before his designation as Iranian Ambassador to Turkey, he had been for some years Governor-General of Azerbaijan.

M. Fahimi is a cultured and gentle person, but of no decided views of his own. His manners and address are agreeable, and I feel sure that he will be generally liked in Angora. I fancy that he stands in wholesome awe of his Imperial master and expect that he will prove a satisfactory representative of his country in Turkey, except in the unlikely event of a diplomatic tussle between the two countries, which all his personal inclinations would incline him to avoid.

France.

M. Kammerer was transferred as French Ambassador to Tokyo, and his successor, M. Henri Ponsot, presented his credentials on the 16th May, 1936.

M. Ponsot's last office was that of Resident-General, Morocco; prior to that he had served for seven years as French High Commissioner in Beirut. M. Ponsot was not too well pleased at being sent to Angora and having to return to ordinary diplomatic duties, after holding two French satrapies; he was still less pleased when he saw the rented villa in which his predecessors had resided in Angora, pending the construction of a French Embassy in that city. Nevertheless, M. Ponsot took these disappointments in good part and with a sense of humour that did him credit.

Such exchanges as I have hitherto had with the new French Ambassador have been agreeable and satisfactory; they have not been many because shortly after his appointment here M. Ponsot was attached to the French delegation at Montreux in connexion with the Straits question, and after that he took a lengthy leave in France. He is certainly a most intelligent man, with a wide experience and a happy gift of expression. I have no doubt that M. Ponsot is an excellent diplomatic agent; I think he is perhaps better than that, and that his outlook is rather that of a statesman than of a mere diplomatist.

M. Ponsot is married, but I have not yet had an opportunity of making his wife's acquaintance.

Poland.

Count George Potocki having been appointed Polish Ambassador in Washington, his successor, M. Michel Sokolnicki, presented his credentials as Polish Ambassador to Turkey on the 12th June, 1936. M. Sokolnicki's personal tastes, being intellectual, literary and artistic, are in strong contrast to those of his predecessor. I have not yet been able to see a great deal of M. Sokolnicki, but I should judge him to be a man of distinct ability, though maybe not of abundant energy. His demeanour towards myself and the feelings that he expresses for the United Kingdom are friendly, and, I think, genuinely so. Both he and his wife have been rather seriously ill since their arrival in this country. Mme. Sokolnicka is an agreeable lady of good education and manners. She is a keen and competent bridge player and will be a welcome addition to Angora society.

The Polish Embassy is in Angora. It is a large, well-situated house, built almost entirely of materials sent from Poland. There is no house in Constantinople, but the Ambassador has a summer villa at his disposal on the Bosphorus.

MINISTERS.

Switzerland.

(M. Henri Martin has been raised to the rank of Minister, and presented his credentials on the 11th November, 1928.

While in Angora M. Martin is invaluable for obtaining information on points of detail, and prides himself on the number of despatches which he writes to Berne. At Constantinople he is driven to circularise his colleagues; while on leave he breeds dogs in England. M. Martin would like to be taken for an Englishman. 1928.)

Norway.

(M. Sigurd Bentzon, fully accredited Minister, presented his letters of credence on the 8th October, 1930, the first Norwegian Minister to be accredited to Turkey. He is tall and distinguished looking, speaks perfect English, and has a charming and vivacious English wife, who more than holds her own with the younger women of the Diplomatic Corps, both for looks and general attractiveness. 1931.)

(I rather suspect M. Bentzon of being a *faux bonhomme*. As he principally graduated in the diplomatic school of Baron von Wedel-Jarlsberg in Paris, this is not unlikely. 1934.)

Belgium.

(M. Georges de Raymond presented his credentials as Minister on the 20th March, 1932. He is virtually a widower, his wife, a well-bred and agreeable French lady, whom I knew in Persia, being a permanent invalid of the mental category.

M. de Raymond was Belgian Minister for a number of years in Tehran, and was my colleague there. He has spent the interval as Belgian Minister in Prague. He has a certain degree of ability, but does not have the faculty of inspiring confidence. His vice is talking. Conversation flows from him in an interminable spate, and one so unpunctuated that he is the most difficult man to separate from that I have ever met.

He certainly has plenty of experience, and I should judge him to be a good representative of his country's interests. I, nevertheless, rather doubt his being given any of the most important posts in the Belgian service. 1934.)

M. de Raymond's expectations of attaining Ambassadorial rank have been considerably raised because on the occasion of the Turkish national celebrations on the 29th October he was publicly embraced by the President of the Republic.

Lithuania.

(M. Jurgis Baltrusaitis, fully accredited Minister, presented his credentials on the 20th May, 1932. He left almost immediately, and has not since reappeared in Turkey, where he has no Legation and practically no interests. He is also Lithuanian Minister in Moscow. 1932.)

(M. Baltrusaitis came to Turkey from Moscow in 1933 for the celebrations in connexion with the tenth anniversary of the republic. He travelled here with the delegation representing the U.S.S.R. at the celebrations and returned with it. He did not remain long enough at Angora to become generally known, but was communicative and friendly to His Majesty's Embassy. 1933.)

Albania.

(M. Djavid Leskoviku, fully accredited Minister, presented his credentials on the 14th May, 1933. He received a military education in Constantinople, served in the Turkish army during the Balkan War, was Albanian Chief of Staff in 1923, and, later, military attaché in Belgrade and consul-general at Skoplje. Since his appointment as first Albanian Minister to Turkey, since the Gazi's recognition of King Zog, he has resided for the most part in Constantinople, and has been very little seen in Angora society. 1933.)

(The Albanian Legation at Angora was abolished as a separate post in March 1934, when M. Leskoviku left for Athens to take up his residence as Minister there. He is still in charge of Albanian interests in Turkey. 1934.)

Austria.

(M. Karl Buchberger, fully accredited Minister, presented his credentials on the 17th October, 1933. He was previously Chargé d'Affaires at Stockholm. He and his Swedish wife are friendly and already generally liked. Both speak English, Mme. Buchberger less well than her husband. 1933.)

Denmark.

(M. Axel Norgaard, fully accredited Minister, presented his credentials on the 24th March, 1934.

He is a pleasant, elderly gentleman, lacking, I should say, either in ambition or intellectual endowment. 1934.)

Iraq.

(Naji Beg Shawkat (known in Turkey as Naci Şevket Bey), fully accredited Minister, presented his letters of credence on the 2nd June, 1934. He was previously Iraqi Minister at Angora from October 1930 to October 1931, when he returned to Bagdad to become Prime Minister for a few months and also Minister of the Interior.

Naji Shawkat was previously Mutessarif of Mosul, and had the reputation in Iraq of being an extreme Nationalist with anti-British tendencies. He has shown no sign of them, however, in recent years, and has acquired a reputation for administrative ability and integrity. Unfortunately, relations with him are difficult, as he is very retiring, almost stone deaf, and knows no European language. His wife, who is equally retiring, now speaks a little French. 1934.)

A large Iraqi Legation is in course of construction in Angora.

Finland.

(M. Onni Talas, fully accredited Minister, presented his letters of credence on the 17th October, 1934. He is also accredited to Budapest, Belgrade and Sofia, and has so far made only one short appearance in Angora.

From the little I have seen of him, I have found him elderly, agreeable, and friendly. 1934.)

Sweden.

(M. Otto Wilhelm Winter, fully accredited Minister, presented his letters of credence on the 22nd November, 1934.

I have still had no opportunity of assessing M. Winter's abilities. He and his wife appear to be pleasant, straightforward, simple living people. 1934.)

China.

(General Ho Yao-tsu, first Chinese Minister to the Turkish Republic, presented his letters on the 16th May, 1935.

The general talks no language except Chinese, and interviews with him have consequently to take place with an English-speaking interpreter, of which his numerous staff includes several. General Ho's small stature, his gentle and almost deprecating demeanour would hardly seem to be the correct attributes for a truculent and ruthless Chinese war-lord, which rôle he is here popularly supposed to have filled.

He is most friendly and profuse in his professions of admiration and respect for England and the British race.

I doubt whether he knows much of any world outside China, or his possession of any matured ideas on international politics. It is possible, however, that a recent tour in the west of Europe has broadened his horizon.

The Turks do not seem to take the Chinese mission very seriously. I rather doubt there being any good reasons why they should. 1935.)

General Ho Yao-tsu left in the middle of July and has not returned to Turkey since, so far as can be ascertained. During the year under review the commissioned staff of the Chinese Legation has shrunk from ten to five.

Hungary.

M. Zoltán de Máriássy, fully accredited Minister, presented his letters on the 10th June, 1935.

M. de Máriássy is a bachelor and has already become popular in the society of Angora; I think deservedly so.

M. de Máriássy is, in my opinion, a diplomatic agent of ability and good sense, and his agreeable demeanour and the pleasing and cheerful atmosphere which surrounds him is certainly a great asset to him in the conduct of his official and social duties. He entertains a very friendly feeling indeed for England, which strikes me as being quite sincere.

Czechoslovakia.

M. Karel Halla, fully accredited Minister, presented his letters on the 20th June, 1935.

M. Halla gives me the impression of being agreeable, intelligent and friendly; and as possessing more personal distinction than most of the Czechoslovak representatives with whom I have hitherto come in contact.

Mme. Halla is an agreeable and unostentatious lady, who is genuinely liked.

Yugoslavia.

M. Branco Lazarevitch, fully accredited Minister, presented his credentials on the 23rd October, 1935.

M. Lazarevitch is an improvement on his predecessor, M. Yankovitch, being more forthcoming in manner and more open in intelligence. He is also, I think, a good deal more active than his predecessor, and is a determined collector of local gossip both on political and social matters. I think he is rather an interesting personality, though not a particularly likeable one. He is married, but I am as yet unacquainted with his wife.

Egypt.

(Mohammed El-Mofty-el-Gazaerli Bey, fully accredited Minister, presented his letters on the 28th October, 1935.

It will be difficult for the new Egyptian Minister to rival his predecessor in personal popularity. Mohammed El-Gazaerli Bey is a well-educated man, and the indications which I have, on slight acquaintance, of his intellectual ability are prepossessing. He was formerly an ardent Wafdist; but, like so many Wafdists who have held diplomatic posts abroad, he has realised the futility in Egypt's own interest of the exclusive, extremist and anti-British elements in the Wafd's brand of nationalism, and is persuaded of the ultimate indivisibility of Anglo-Egyptian interests. 1935.)

I believe that Mohammed El-Gazaerli Bey has established good relations with Turkish officialdom.

Mexico.

(M. Manuel Pérez Treviño, fully accredited Minister, presented his letters on the 28th October, 1935.

M. Treviño is Mexican Ambassador at Madrid, where he resides, and the Legation at Angora is in charge of a secretary.

I have not been able to make M. Treviño's acquaintance. He left for Madrid immediately after the presentation of his letters, thus rendering impossible any exchange of visits. 1935.)

The Chargé d'Affaires, M. Francesco Ortiz Monasterio, mostly resides in Istanbul. He is a bachelor, and his mother, who is of English origin, lives with him. He is a sufficiently agreeable young man and plays a certain part in the social life of the place.

Greece.

Early in the year M. Raphael Raphael was appointed Greek Minister in Angora. He presented his letters of credence on the 25th January.

Before his appointment to Turkey M. Raphael was a senior member of the staff of the Greek Legation at Berne, and has been much concerned with League of Nations work.

I have not yet seen a great deal of M. Raphael, but he appears to be an intelligent and competent official, of good experience and temperate judgment.

He appears to be well liked by all those who have come into contact with him.

M. Raphael is married to a Greek lady of an Alexandrian family.

Bulgaria.

M. Théodore Christoff was appointed in the place of M. Théodore Pavloff, and presented his letters on the 12th June, 1936.

I have only just made M. Christoff's acquaintance. He seems to be a serious-minded man, and my first impressions of him on the whole are favourable.

Roumania.

Towards the end of the year M. Eugène Filotti was transferred to Athens as Roumanian Minister, and left Turkey with regret.

His successor, M. Alexandre Telemaque, arrived in Turkey at about Christmas-time, and I have not yet had the opportunity of making his acquaintance.

CHARGÉS D'AFFAIRES.

Spain.

(Sr Ricardo Begona y Calderón presented on the 30th May, 1933, the letter nominating him Chargé d'Affaires of Spain in Turkey He has made an effort to spend more time in Angora than his predecessors, but is a somewhat colourless individual, who has made little impression in any milieu in this country 1933)

He did not, like many Spanish representatives abroad resign his post as a result of the July 1936 revolution in Spain

Ethiopia.

(M Berhane Marcos presented on the 8th May 1935 the letter appointing him Chargé d'Affaires of Ethiopia in Turkey

Except for an exchange of formal visits, I have hardly seen anything of M. Marcos.

He speaks excellent French and professes Anglophil sentiments, probably genuinely

It is hardly possible for him to cut much of a figure in Angora 1935)

He is said to have left Turkey at the beginning of November, but gave no formal notification of his departure

Netherlands

(The Legation has been in charge of Baron van Harencarspronck Sloet, as Chargé d'Affaires, since the 31st March 1933 Both he and his wife are agreeable and speak English well They have acquired a residence in Angora close to His Majesty's Embassy It is understood that for reasons of economy the Netherlands Government do not propose to appoint another Minister 1933)

E 140 140 44 No. 3

Sir P. Loraine to Mr. Eden (Received January 7)

(No. 3 Confidential)

Sir, *Angora, January 1, 1937*

I HAVE the honour with reference to my despatch No. 1, Confidential, of the 1st January, 1936, to transmit to you the accompanying notes on leading Turkish personalities

2. It has not yet proved possible to rearrange the biographies in the alphabetical order of the newly adopted surnames which are, where they have been ascertained, still placed within brackets.

3. Three new biographies are enclosed, those of M. Ali Turkgeldi the new Minister in Albania, M. Esat Atunay head of the First Department at the Ministry for Foreign Affairs (which deals with the United Kingdom), and M. Faik Kurtoglu, Under Secretary at the Ministry of National Economy

I have &c.

PERCY LORAINE.

Enclosure in No. 3.

Notes on Leading Turkish Personalities

1 *Abdulhalik (Renda).*

Born at Yanina about 1870 Belongs to a family of Albanian Tosks Educated at Yanina and at Mulkiye College Constantinople In 1908 appointed member of the Council of State Uncle by marriage of the late Talat Pasha In 1910-11, Vali of Skoplje (Uskup) 1914-15 Vali of Van For a short period in 1915 was Under Secretary for the Interior 1915-16, Vali of Biths, and 1916-17 of Aleppo. Again became Under Secretary of the Interior holding post until the armistice. Arrested in May 1920 and deported to Malta on charge of atrocities committed at Aleppo during the war Learnt to play tennis and bridge at Malta. In 1923 was Vali of Smyrna when he got on well with Europeans. In July elected Deputy for Çankiri In January 1924 succeeded Hasan Fehmi Bey as Minister of Finance, and held post till March 1925. Resigned on fall of Fethi Bey and became director general of the Agricultural Bank and chairman of the Parliamentary Committee of Finance In July 1926 became Minister of Finance He soon showed himself aware of the weakness of Turkey's financial position abroad, and visited Europe in the summer of 1927, when he was identified with an arrangement for the settlement of the "coupons" question. In September he was re elected Deputy for Çankiri, and in November, on the reconstruction of Ismet Pasha's Cabinet, became Minister of National Defence and Acting Minister of Marine The latter post was subsequently merged in the former, which he retained in Ismet Pasha's Cabinet as reconstructed in September 1930. Succeeded Saracoglu Şukru Bey as Minister of Finance in December 1930, and retained his portfolio in Ismet Pasha's new Cabinet, May 1931 Resigned, February 1934, on account of ill health, and in April was elected president of Parliamentary Group of People's party Elected President of Grand National Assembly, March 1935, and again in November 1936.

Abdulhalik knows Greek and speaks fair French He owed his early advancement to his relationship with Talat Pasha, though he was never a prominent Unionist figure Though not possessed of brilliance, he has considerable administrative capacity and enjoys a reputation for scrupulous honesty —a virtue which was as acceptable at the Ministry of Finance as in that of Defence where peculation in connexion with munitions contracts had previously been rampant Is essentially a moderate, and was the only member of the Cabinet to observe the Ramazan fast Is a keen gardener a good bridge player and agreeable in conversation Was much liked by representatives of foreign business firms seeking contracts

2 *Abidin (Ozmen)*

Graduated from the Mulkiye (Civil) School in 1911, and was for many years Civil Inspector and Vali at various places including Antalya Appointed Vali of Brasa in June 1933 Elected Deputy for Aydin in May 1934 and appointed Minister of Public Instruction (now called "Kultur") in July Later on adopting a surname as required by law, dropped the first two syllables of his name which was previously Zeynelabidin Re-elected Deputy for Aydin in February 1935 In June resigned Ministry of Education and appointed First Civil Inspector General

Little is known of Abidin's personality, except that he looks gross and stupid He was a complete failure as Minister of Education but may be a good administrator

3 *Ahmet Agaoglu*

Born about 1864 in Russian Azerbaijan Son of an Islamised Caucasian Jew Educated at Moscow and started life as a journalist Became an *agent provocateur* to the Russian Secret Service, and organised Armenian massacres at Baku in 1904 In 1903-5 published two newspapers in Baku but then fell into disgrace, went to Turkey and became a Turkish subject in 1908 Threw in his lot with the Committee of Union and Progress Later, published a pro-Russian paper in Turkish and became editor of the *Tercumani Hakikat* In 1916 became Minister of Education, and at this time was noted for his anti British articles. Took a part in organising the Armenian massacres. In 1918 received £T 100,000 from the Committee of Union and Progress funds 1919-21 interned at Malta where he learnt some English In June 1921 he became director of the Press Bureau at Angora, and from then onwards was a close friend of Mustafa Komal Was, in the past, the chief worker for closer Russo-Turkish relations, often by means of editorial articles in the officially-inspired *Hakimiyeti Milliye* of which he was one of the editors

In the 1923-27 Assembly he was a member of the Executive Bureau of the People's party and of the Foreign Affairs Commission as well as reporter of the Constitutional Commission Was re elected Deputy for Kars in September 1927 and in November became a member of the party's Executive Bureau and of the Constitutional Commission Resigned from the People's party in August 1930 to join the new Liberal Republican party founded by Fethi Bey Was not re elected at the general election of April 1931 and in October was appointed professor (history of law) in the University of Constantinople, whither he removed with his family from Angora

Ağaoglu is a short man with heavy eyebrows and dark glasses. He recalls the storied one-eyed mule of hideous aspect but that aspect is benignant, and in his riper years tends to belie the lurid record of his youth He was the

character ' of the Grand National Assembly, and loves nothing so well as a joke, even at his own expense He was seen occasionally in Angora society accompanied by his blue-stocking English speaking daughters, who are no more attractive in appearance than their father Speaks Russian, French, Persian and Turkish Since the summer of 1926 his articles had become less hostile to Great Britain, and, in conversation, he delights to expatiate on the charm of English life, particularly as led at Oxford

4 *Ali (Ceytinkaya)*

Born about 1875 at Afyon Karahisar Educated at the Constantinople Military School Commanded a battalion at Gallipoli during the Balkan war, and served in the Great War as a colonel Organised resistance to the Greeks at Ayvalik in 1919 Was elected a Deputy for Constantinople in December, and remained there to attend the debates till March 1920 when he was deported to Malta Released a year later he at once took his seat in the Angora Assembly After his re-election in 1923 he became one of the chief organisers of the People's party, and in November 1924 was elected vice-president of the executive bureau of the party a position which he still fills In March 1925 he was appointed president of the Angora Independence Tribunal, which afterwards shot with impunity a fellow Deputy in the Chamber, but more usually passed death sentences that were unpublished Early in 1927 1925-27 was president of the Defence Commission of the Assembly and November 1927 was re-elected as Deputy for Afyon Karahisar became a member of the Budget Commission Appointed Minister of Public Works February 1934

Ali known as the "Bald-headed" is a curious phenomenon for in spite of his record he is attractive Quite recently only spoke Turkish but for some years has been studying English, which he speaks haltingly, but reads with a certain facility He has an engaging smile and was once very aptly described by a British visitor to Angora as resembling "a benevolent Scotch elder" During the summer of 1927 rumour was busy with his name as a possible successor to Ismet Pasha It is doubtful if he could have upheld the ball though his surprising honesty could not but be held to be an asset He is not a conversationalist As Minister of Public Works has taken up truculent attitude towards foreign concessionary companies which he has been endeavouring with considerable success to force to sell out on terms favourable to the Government

5 *Ali (Turkgeldi)*

Born about 1885 a diplomat *de carrière* In 1925 he was Chargé d'Affaires at Sofia and in 1926 counsellor at Berlin He then served in Roumania to 1927 returned to Angora as Director of the Balkan Section at the Ministry for Foreign Affairs Appointed Chargé d'Affaires at The Hague in 1928 with the rank of counsellor (first class) and in 1929 Minister at Rio de Janeiro In 1935 he was at the Ministry as head of a Department and in the autumn became Acting Secretary General In December 1936 he was appointed Minister in Albania

6 *Ali Cenani*

Born about 1880 at Ayintap (Gazi Antep), which he represented in the Constantinople Parliament being for a time reporter for the budget Was deported to Malta in 1919 on a charge of complicity in the massacres of Armenians at Ayintap On being released he joined the Kemalist movement and has been Deputy for Ayintap since 1921 In November 1924 became Minister of Commerce In 1925 his commercial legislation showed that he was leading the ultra Nationalist movement against Christian employees and foreign capital In May 1926 he resigned owing to reported differences with the Minister of Finance He nevertheless continued to the influential and for two years was the chief Turkish delegate for commercial negotiations with foreign countries being responsible in particular for the Italo-Russian Commercial Treaty of March 1927 Became reporter of the Budget Commission in November 1927 but fell from grace early in 1928 when he was tried by the High Court for misuse of public funds while Minister of Commerce Was heavily fined but his sentence of imprisonment was commuted After reappearing in political circles left Turkey for Damascus in mysterious circumstances in December 1929 Though reported to owe £T 1,000,000 to the Turkish Government he once more reappeared at Angora where his past seemed in a fair way to being forgotten, but he was not re-elected at the general election of April 1931

Ali Cenani was for long the leading business man in the Ayintap area, and in business circles was considered honest and go-ahead Much of his property is now in Syria, and he has frittered away most of his considerable wealth He is a poor speaker of jaundiced appearance and has been described as active, resourceful and wily He plays a vigorous, but not very good, game of bridge His two daughters have received an American college education and his son, who is in the diplomatic service was educated at the English High School in Constantinople

7 *Ali Fuat General*

Born in Constantinople in 1882 Grandson of the renegade German who was Turkish delegate at Berlin Congress. Graduated from the military school in 1905 1908-11 military attaché at Rome During the war fought on the Caucasus and Palestine fronts Was one of the first Turkish generals to join the Kemalist movement, and was one of Mustafa Kemal's most trusted leaders until his tendency to take an independent line in the field led, late in 1920, to his appointment as Kemalist Ambassador at Moscow where he was chiefly instrumental in securing the signature of the Turco-Russian Treaty of March 1921 Was recalled in April 1922 owing to friction in the Embassy in Moscow and resigned his military command In 1923 was elected Deputy for Angora and Vice-President of the Assembly Later became inspector general at Konia Resigned his post in October 1924 by which time he had become completely associated with the Rauf Orbay Refet Opposition group In November he resigned from the People's party and became secretary general of the new Progressive party In 1925 was arrested and tried at Smyrna for participation in the alleged plot against Mustafa Kemal but was acquitted His reception by the President in November 1926 and again early in 1927 gave rise to a notion that Ali Fuat was returning to the Kemalist fold but this was not confirmed He ceased to be a Deputy in September 1927 Lives in retirement outside Angora

Ali Fuat has a reputation for honesty During the war was not on good terms with the German commanders and during the armistice period was believed to be violently anti-British but he was on good terms with the British mission in Moscow

8 *Ali Sait (Akbaytogan) General*

Born near Bandirma (Panderma) in 1874, of Circassian origin Graduated from the Military College in 1898, and held several minor staff appointments till 1907, when, with the rank of major, he was sent to the Yemen Returned to Constantinople in 1909, and in 1913, during the Balkan war, was in charge of the lines of communication Was then for a time control officer on the Anatolian Railway until January 1914 when he was promoted colonel and posted to Sanaa in the Yemen, where he remained until some time after the 1918 armistice, when he was finally induced to surrender to the British authorities at Aden, whom he had fought for four years, during most of which he was out of touch with his Government Interned in Egypt for a short time Ali Sait Pasha, who had now been promoted general returned to Constantinople early in 1919 and was Military Governor of the capital till March 1920, when, on the occupation of the town, he was deported to Malta Immediately after his release in October 1921 he joined Mustafa Kemal and in the following year he succeeded Kâzim Karabekir Pasha as General Officer Commanding the Eastern Army In October 1924 he was appointed Inspector General of the First Army Area and later of the Third Area Was promoted to be a general of the first class in August 1927 Relinquished his inspectorate and was appointed member of the Supreme Military Council in September 1935

General Ali Sait's manners are courteous and has a well modulated voice Was probably at one time decidedly pro-British and still is, as he says, "in the interests of his country" but he chooses to forget rather than to forgive his treatment at British hands Not a strong personality and takes no part in politics, but is interested in Iraq oil to such an extent that on an Angora ball room floor he produced to a member of the Embassy a largish map, on which the

position of his wells was clearly shown Speaks a little English, a consequence of Malta, where he also learnt to play tennis. Both he and his massive wife used to be very popular in Angora society, but, when the attendance of military officers at social functions was vetoed in March 1928, they transferred their domicile to Constantinople

9 *Asim (Gunduz), General*

Born about 1882 in Constantinople Passed out of Military College in 1902 with rank of staff captain, and was attached to the Imperial Guard From 1907 to 1909 served on staff of Monastir division In 1909 appointed to General Staff Pursued a course of military studies in Germany from 1912 till January 1915, when on his return he was attached to Turkish General Headquarters, remaining there till end of war Again in Germany 1918 19 In November 1920 became chief of the Intelligence Section of the General Staff, but soon after threw in his lot with the Nationalists and became Chief of Staff to Fevzi Pasha In November 1924 became General Officer Commanding the IXth Army Corps, in August 1926 was promoted Divisional General and later commanded the 7th Corps In October 1928 was appointed sub chief of the Turkish General Staff Went to Bucharest and Belgrade in November 1935 to take part in consultations regarding military commitments arising out of the Balkan Pact

General Asim is a tall dark man of slight build and has a very pleasant manner He has the reputation of being hard working strict accurate and given to great humanitarianism He got on well with his German superiors during the war speaks German well and knows some French

10 *Bekir*

Born about 1880 An ex colonel In 1924 was chief administrator of the Anatolian Railway a post in which he showed considerable ability and energy In December 1925 became a Deputy for Constantinople and a month later Minister of Public Works As a Minister he was a pronounced success and showed great capacity for organising the existing railways and in dealing with the somewhat grandiose construction schemes of the Government Resigned October 1928 nominally on grounds of ill health and was immediately afterwards appointed Minister at Budapest

11 *Cafer Tayar General*

Born in 1883 at Prishtina of poor parents Educated by the charity of an Albanian who sent him to the military school Saw service in Macedonia, and in 1907 became a member of the Committee of Union and Progress Served at the Dardanelles, and in 1918 had command of the forces in Northern Caucasus Early in the armistice he showed himself violently anti British, and formed a military organisation at Adrianople, with which, in 1920, he threatened to resist the occupation of the town by the Greek army From then onwards was known as the hero of Adrianople, for which since 1920, he had been the senior Deputy In 1924 he commanded the troops in the Eastern vilayets but his enthusiasm for Mustafa Kemal began to cool, and in October he resigned his military duties to take up those of a Deputy In July 1926, along with Ali Fuat, Refet and Kâzim Karabekir Pashas, was arrested and tried at Smyrna for participation in the alleged plot against Mustafa Kemal but was acquitted largely, it is understood, owing to the fear of the authorities of his influence with the army Ceased to be a Deputy in September 1927, and since then has been little heard of Was sharply attacked in the Gazi's lengthy review of the revolution in 1927

Cafer Tayar is a strong patriot just and honest, and as a result of his Adrianople experiences became violently Graecophobe

12 *Cavat Ahmet*

A diplomat *de carrière* born about 1887 After serving in London Vienna and elsewhere became a Director in the Fourth Department of the Ministry for Foreign Affairs at the end of 1926 Appointed Charge d'Affaires at Prague a year later Counsellor and Director General of the Second Department of the Ministry, in 1929 Accompanied the Minister for Foreign Affairs to the European Union Conferences at Geneva in 1931 and in August of that year became Director General of the First (British) Department of the Ministry Was Acting Under Secretary of State for Foreign Affairs in December 1931 and January 1932 In 1933 accompanied Saracoglu Şukru to Paris for public debt

and Ottoman Bank concession negotiations Appointed Minister at Vienna in the autumn of 1934

Ahmet Cavat, though insignificant in appearance and possessed of a squeaky voice is a first-class man professionally, and has always shown himself friendly to His Majesty's Embassy His wife who is from Smyrna speaks English fluently

13 *Celal (Bayar)*

Born about 1880 Before the War of Independence was cashier in the Brusa branch of the Deutsche Orient Bank Joined Mustafa Kemal at an early stage, and served with distinction in the Nationalist Army In 1923 was elected Deputy for Smyrna which he has represented ever since, and was appointed Minister of National Economy the same year In March 1924 became Minister of Reconstruction (for the settlement of refugees) in Ismet Pasha's second Cabinet, but resigned in July to become Director General of the Iş Bankasi on the recommendation of the Gazi In August 1928 went on a tour of the Turkish Black Sea ports to study the possibilities of that region and investigate the causes of its poverty In November 1928 was elected member of the Foreign Affairs Committee of the Grand National Assembly and again in November 1930 In December 1931 was elected vice president of the Supreme Economic Council, and in January 1932 accompanied the Minister for Foreign Affairs to Tehran, to study Persian economic conditions with a view to the establishment of a branch of the Iş Bankasi In September 1932 at the height of the financial and economic crisis, during which the bank's operations hampered by the Government's exaggerated policy of State control of trade and industry, Celal went direct to the Gazi with the result that he was appointed Minister of National Economy (a post of much greater importance than in 1923) in succession to Mustafa Şeref, to the great relief of the local business world, but the expectations then raised were not fulfilled Head of abortive British trade mission Went to Athens with Numan in May 1933, to negotiate commercial agreement (signed the 9th May) and establish cordial relations with Tsaldaris Government In June accompanied Tevfik Rüştü to London as "second head" of the Turkish delegation to the Economic Conference On this occasion visited also Paris and Berlin and negotiated "clearing" agreements with French and German Governments

Celal who is married, is of a serious and retiring disposition, and is a hard worker, with apparently few if any interests outside his work

14 *Celal Nuri*

Born about 1880 A journalist, manager of a Young Turk newspaper in Constantinople in 1906 Expelled shortly after and only returned after the Constitution when he began to publish his paper *Heri*, which continued to appear till 1925 Was subventioned by the Germans during the war In the early armistice ran his paper as a Kemalist organ until he was deported to Malta in March 1920 Shortly before, he had been elected Deputy for Gallipoli Was released in March 1921 and at once took his seat in the Angora Assembly Has since been a member of the Constitutional Commission of the Assembly, in 1922 being president reporter in 1923 and secretary in 1930. During the constitutional crisis in March 1924 he was a warm supporter of the proposal to accord dissolution and veto powers to the President of the Republic, but the proposal was defeated In September 1927 was elected Deputy for Tekirdag (Rodosto) and in November while still retaining membership of the Constitutional Commission, became reporter of the Drafts Commission of the Assembly Re elected Deputy for Tekirdag in April 1931 Founded the *Yilmaz* newspaper, but disclaimed responsibility for it when it began attacking the Government in June 1931 and was subsequently closed down Not re elected Deputy in the general election of 1935

Celal Nuri is something of an intellectual clever and an intriguer He is supposed to have Communist leanings but was for some time chiefly active in the anti Greek campaign normally on behalf of Turkish non exchangeables.

15 *Cemal Husnu*

Born about 1887 An ex officer Was Deputy for Gumusane 1925 30 1927 28 was reporter of Assembly Commerce Commission, and became a member of the Foreign Affairs Commission In March 1928 became chief Turkish delegate for the exchange of populations and in November of the Foreign Affairs

Commission of the Assembly Appointed Minister of Education in April 1929, and Minister at Berne in September 1930 when he resigned his deputyship Was member of Turkish delegation to Disarmament Conference in January 1932, and on subsequent occasions In 1936 he resigned from his post at Berne and it was believed that his Government disapproved of his conduct at the meeting of the representatives of the Little and Balkan *Ententes* at Geneva in March He was elected deputy for Bolu and in October he left for Tehran as head of a Turkish mission to discuss matters of residence frontiers, customs and extradition

Cemal Husnu is pleasant to talk to, speaks fair French and plays a fair game of bridge He is however, very impetuous, and on several occasions nearly torpedoed the Greco Turkish negotiations Is unmarried

16 *Cevdet (Ghazi)*

Born about 1885 Has followed a military career About 1906 was commandant of the garrison at Salonica, and at that time saved Mustafa Kemal from arrest by Talaat's secret police During the armistice when he held the rank of staff lieutenant colonel was in command of the defence forces against the Greeks at Cattka In July 1923 elected Deputy for Tekirdag (Rodosto) In May 1924 appointed general secretary of the People's party and in January 1925 became Minister of the Interior Though for a time he did well and exercised considerable influence, his post soon became weakened owing to alleged irregularities in connexion with Government contracts and though re-elected Deputy in September he ceased to hold ministerial rank on the reconstruction of Ismet Pasha's Cabinet in November 1927 In the same month he became a member of the Foreign Affairs Commission Re-elected Deputy for Tekirdag in February 1935 Is one of the two vice presidents of the People's party and a member of the Foreign Affairs Commission

Cevdet is reserved and intelligent and speaks only a little French

17 *Cemal Bey, the Professor*

Born about 1880 Has followed a legal career and specialises in international law on which he is now the recognised Turkish authority Was chief adviser to the Turkish delegation before The Hague Tribunal in 1927 in connexion with the "Lotus" incident in which judgment was given in favour of Turkey From 1922 to 1924 was one of the chief movers in a Turkish association for supporting the League of Nations and in October 1924 attended the congress of League of Nations Societies in London In 1931 was appointed member of the Permanent Conciliation Commission formed in accordance with the arbitration treaty with Germany of 1929 Was also appointed member of The Hague International Permanent Arbitration Court At the end of 1932 took a leading part in founding the Turkish branch of the League of Nations Union Appointed rector of Istanbul University in summer of 1934

Professor Cemal is quiet reserved and almost entirely absorbed in his studies His family have received a European education Is a keen gardener Somewhat brusque in manner Speaks French

18 *Cevat General*

Born in Constantinople in 1873 Educated at the Galata Sarav School and at the military school In 1893 aide de camp to the Sultan Later, sent to Germany to complete his military studies and on his return secured rapid promotion owing to his father's influence at the palace In 1913 appointed General Officer Commanding the Dardanelles Defences and was in command of the Palestine army at the time of the Turkish collapse in 1918 In November 1918 became Chief of the General Staff and in December was Minister for War Obstructed the Allies during the early armistice and from the first was one of the strongest and cleverest of the Nationalist supporters in Constantinople From October 1919 till January 1920 was again Chief of the General Staff In March 1920 was arrested and deported to Malta Released in October 1921 he at once proceeded to Angora and in January 1922 was given the command of the Turkish troops near the Iraq frontier Elected Deputy in July 1923 he took no part in the proceedings of the Assembly having in the meantime been appointed Military Inspector General in the Eastern Provinces In October 1924 was in supreme command of the Turkish forces on the Iraq frontier when the *status quo* difficulty arose Later in the month he resigned from his military duties in order to take up his deputyship Resigned from the latter two months later In

January 1925 was attached to the Iraq Frontier Commission in the capacity of assessor, and showed himself petulant and irascible In September and December was attached to the Turkish Mosul delegation to Geneva In April 1926 became a member of the Supreme Military Council, and in August was promoted to the rank of general of the first class In November 1930 went to Geneva as military adviser on Turkish delegation to Preparatory Disarmament Conference and subsequently attended the Disarmament Conference in the same capacity

General Cevat knows French and German well Is very Germanophil and something of an opportunist Has good manners is well educated and a capable administrator He is old fashioned, drinks little and says his prayers but was stated to be jealous of Mustafa Kemal who served under him at the Dardanelles

19 *Cevat Abbas*

Born about 1890 Early in 1919 became aide de camp to Mustafa Kemal and at the same time was elected Deputy for Bolu Had control over the activities of the Nationalist secret agents throughout 1920 In July 1921 went on a mission to Bulgaria with a view to organising trouble in Thrace and in December became unofficial Kemalist representative at Sofia He returned to Angora early in 1922 and in the autumn was one of the instigators of the Turkish insurrectionist movement in Western Thrace directed against Greek rule In 1923 was re-elected Deputy for Bolu and at the end of the year there was much talk and intrigue in regard to his proposed left the appointment as Turkish Minister to Sofia In 1924 was president of the Turkish Aeroplane Association, in the interest of which he showed great activity Was re-elected Deputy in September 1927 April 1931 to February 1935 and since November 1927 has been a member of the Foreign Affairs Commission of the Assembly In December 1931 became deputy chairman of board of directors of Turkish company exploiting coal mines during last year developed coal mine at Kuzgun on the Bosphorus Maintains close contact with the President of the Republic

20 *Edip Ter*

Born at Constantinople in 1879 Son of Servet Pasha Left the military college in 1898 Served with the Salonica army and in Thrace until he entered the Staff College in 1909 In 1911 was attached to the Yanina Regiment and in 1913 promoted major Held staff appointment during the Balkan war and was on the military staff of the Turkish delegation to the 1913 Peace Conference in London Later in the year was for a few months chief aide de camp to the heir apparent Served during the Great War at the Dardanelles in the Caucasus and in Palestine and in 1917 was director of the Military Press Bureau In March 1918 was a member of the Turkish mission sent to Roumania to conclude peace During the armistice was a member of the Armistice Commission and director of Prisoners of War Section, and joined Mustafa Kemal in June 1920 Was afterwards chiefly engaged in arranging the supply of munitions and in 1922 was for a time member of the Turco Syrian Frontier Demarcation Commission In November became Military Commandant of Constantinople and Acting Governor of Pera In November 1925 became Deputy for Constantinople In 1926 he represented Turkey at the Islamic Congress at Mecca, and made history by appearing in a bowler hat In 1927 was a member of the Foreign Affairs Commission, and is now a member of that for Economic Affairs. Elected member for Gumushane May 1931 and again in February 1935. In April 1933 was Turkish delegate to the International Parliamentary Economic Conference at Rome Is a leading member of the board of the Is Bankasi and Balya Karaydin Company and was grand master of the Angora Lodge of Freemasons until the suppression of freemasonry in Turkey in 1935

Edip is short stout and jovial with a face like the rising sun On the rare occasions when in the early hours it has approached its zenith, he shows a taste for opera and old Turkish songs, and has a good voice Though not involved so deeply in politics as are his colleagues, he is in great favour with the President of the Republic and influential Is an intimate friend of Seffet (*q.v.*) While not appearing bright he is shrewd and astute and rarely does more hard thinking than any of the coterie Speaks French Italian Russian and German Is hospitable with a naive courtliness of manner and a passion for doing things right and urging his friends to do likewise Is perhaps the most popular Turk in Angora

21 *Enis, Mehmet*

Born about 1887 From 1907 until the Great War was an official of the Ministry of Interior Became vice-consul at Ancona during the war, and in 1925 was counsellor at Moscow In 1926 became Director-General of Political Affairs at the Ministry for Foreign Affairs, in October was given the rank of Minister and in November 1927 became Under Secretary for Foreign Affairs Appointed Minister at Athens in 1929 and Ambassador at Tehran in the summer of 1934

Enis is pleasant and capable In spite of indifferent health he for some time carried the entire burden of the Foreign Ministry, and was universally liked by all who came in contact with him Is straightforward and honest The organisation of the Foreign Ministry out of complete chaos was due almost entirely to him and his departure was generally regretted by the foreign diplomats at Angora His wife is attractive

22 *Ercument Ekrem*

Born about 1888, the son of Recai Ercument Bey, the Turkish poet Appointed secretary at the Turkish Legation at Athens Was recalled by Abdulhamit on suspicion of intriguing with disloyal elements Later appointed to Bucharest Was Mayor of Pera during the armistice In 1923-24 was Director of Press in Angora In March 1924 became private secretary to President of Republic, but fell foul of the President's wife and in April became Assistant Prefect of Constantinople Was dismissed in August and remained unemployed till September 1927, when he again became Director of Press at Angora until appointed (July 1931) counsellor at Warsaw, to act temporarily as Chargé d'Affaires

Ercument Ekrem is a short stout man of a disagreeable type He is certainly clever, but not at all to be trusted Speaks fair English

23 *Esat (Sipahi)*

Born in Verria (Macedonia) in 1874 Educated in the Harbiye School and graduated in 1894 Gazetted to the VIth Army (Syria) In 1898 entered the Harbiye (Military) School where he occupied different functions for twelve years After the proclamation of the Constitution he proceeded to Germany in order to complete his studies In the last phase of the Balkan war he was commander of the 93rd Regiment and during the Great War commander of the 20th Division He was pensioned at his own request when he was colonel and president of the military section (Harbiye Dairesi) Became afterwards chairman of the board of directors of a commercial venture the Ordu Donanma Pazari (Army and Navy Stores), administrative counsellor of the telephone company member of the Constantinople Municipal Assembly, and was elected Deputy for Brusa He knows three foreign languages and has occupied himself for many years with the study of pedagogy Appointed Minister of Education in Ismet Pasha's Cabinet, September 1930, and retained the post in Ismet Pasha's new Cabinet May 1931 Resigned September 1932 to make way for the more active and zealous Reşit Galip Bey (since deceased), and was soon after elected a Vice-President of the Grand National Assembly Re-elected Deputy for Brusa, but not Vice-President of the Assembly in 1935

24 *Fahrettin (Altay) General*

Born at Constantinople in 1881 Educated at the military school, where he was a class-mate of Enver Pasha 1909 in command of troops against the Kurds, near Dersim Later became an active Committee of Union and Progress adherent and in 1910 chief aide-de-camp to the War Office Held various staff appointments before becoming Under Secretary for War in 1915 In 1916 commanded the Turkish division in Galicia, and in 1918 served on the Palestine front In 1920 was a colonel in command of the Imperial troops at Konya Joined the Nationalist cause in the summer of that year Later in 1920 secured the command of the XIIth Army Corps, which he retained until the final success of the Turks over the Greeks In 1923 was elected Deputy for Smyrna and became commander of the VIth Army Corps In October 1924 resigned his deputyship on opting for military duties In November 1924, on the resignation of Ali Fuat Pasha, became one of the three military inspectors general, and in August 1926 was promoted divisional general of the first class thus holding a higher rank than any of the Opposition Pashas Was attached to the King of Afghanistan during the latter's visit to Angora in May 1928 On the 1st January, 1931, was appointed

military commander of the district (Manisa and Balikesir) placed under martial law in consequence of the reactionary incident at Menemen In June 1934 met Shah of Persia and accompanied him to Angora, and in October went to Persia as head of a mission to arbitrate on Perso-Afghan frontier dispute

General Fahrettin is a tall, well built man and a good type He has been described as a rough diamond, but is honest, and, next to Marshal Fevzi, probably carries most weight in Turkish military circles

25 *Faik (Kurtoglu)*

Born about 1895 Formerly Turkish commercial representative in London and Brussels In June 1933 he was a member of the Turkish delegation to the London Economic Conference Became president of the Turkofis in 1934, and in November of that year Under Secretary at the Ministry of National Economy In January 1935 he was a member of the Turkish delegation to the Balkan Economic Conference and in August 1936 he headed the Economic Mission to London which negotiated the Anglo-Turkish Trade and Payments Agreement

Faik Kurtoglu is knowledgable energetic and forceful, and apparently sincerely Anglophil His judgment is sometimes warped by over impulsiveness and a tendency to self glorification His facility for expressing himself and his ideas is rather deficient This makes him seem sometimes more bone headed than probably he actually is

26 *Falih Rifki (Atay)*

Born in 1894 at Constantinople and educated at Galata Seray College, where he was later a teacher Was secretary to Cemal Pasha in Syria during the war, after which he took up journalism and for a time wrote articles for the *Ententist Akşam* In 1920 joined Mustafa Kemal and wrote for the Nationalist press Since 1923 has been Deputy for Bolu, and in the 1923-27 Assembly was secretary of the Foreign Affairs Commission In the summer of 1927 he went to Rio de Janeiro as chief Turkish delegate at the International Parliamentary Congress, and returned deeply impressed by the advantages to be derived from an Anglo-Saxon, as opposed to a Latin, education Throughout 1928 he continued to be in great favour and in May was one of the Turkish delegates to the International Press Congress at Cologne On his return he became president of the Commission for the Reform of the Turkish Alphabet, and after Ghazi has probably done more than anyone else to secure the general adoption of the new script He owns the concession for the *Hakimiyeti Milliye* and was a former director of the Anatolian Agency In September 1930 visited Moscow in the company of the Minister for Foreign Affairs, and in April 1931 went to Albania on a mission connected with Balkan Union In 1933 was member of Turkish delegations to Disarmament Conference in Geneva and Economic Conference in London. Is one of the leading exponents of "new Turkish," in which he habitually contributes leading articles to the semi-official *Ulus* as the *Hakimiyeti Milliye* is now called Elected Deputy for Angora in February 1935

Falih Rifki is, at the same time the youngest and the wildest of the President's boon companions He is frank has a fair knowledge of French, and is an ardent Westerner His tremendous driving power, but is a heavy drinker, and this and other excesses are unfortunately already beginning to tell their tale An excellent bridge player

27 *Ferit, Ahmet*

Born at Brusa in 1875. Passed through Harbiye Military College in 1898 with rank of captain Later went to Paris and studied at School of Political Science Only returned to Turkey after 1908 Joined the Committee of Union and Progress and became Deputy for Kütahya In 1910 joined the *Entente libérale* party, and was exiled by the Committee of Union and Progress in 1913 to Tripoli, where he met his future wife He made his peace with Talat Pasha In 1915 and became consul-general at Kiev in November 1917 Recalled in December 1918 he resumed attacks on the Committee of Union and Progress In 1919 was Minister of Public Works and of Finance under Damat Ferit Pasha He resigned in July owing to his desire to reach an understanding with Mustafa Kemal Joined the Nationalist cause in April 1920, was immediately elected a Deputy in the Angora Assembly, and soon afterwards became Minister of Finance In September 1920 attended the Baku Congress and soon afterwards appeared as rather pro-Bolshevik In November 1921 was appointed representative of the

Angora Government at Paris, which post he held till February 1923, when he was recalled because of certain offensive remarks made regarding the Allies. In spite of opposition in the Assembly he became Minister of the Interior in October 1923. Was the subject of many attacks both in the Assembly and the press, but continued to hold the post till May 1924. Appointed Ambassador at London in June 1925. Was summoned to Angora in December 1930, with his colleagues at Paris and Berlin, to consult with the Government and the Gazi on the financial and general situation when it was rumoured that he would be appointed Minister of Finance in place of Saraçoglu Sükru Bey. This, however, did not materialise. Unexpectedly transferred to Warsaw in May 1932.

Ferit speaks good French and Arabic and a little English. A thorough opportunist and rather unscrupulous. Wife is attractive and helped him to make something of a success of the London Embassy.

28 *Fethi (Okyar)*

Born at Ochrid, Macedonia, in 1877. Graduated from military school in Constantinople in 1903 and saw service in Macedonia. Became an ardent Committee of Union and Progress adherent and took charge of Abdulhamit on the expulsion of the latter to Salonica. 1910-13 military attaché at Sofia, and 1913-17, Minister there. Was for a short time Minister of the Interior in autumn of 1918 and soon after was deported to Malta for political reasons. Released in April 1921 he proceeded at once to Anatolia and became Minister of the Interior. In July-August 1922 proceeded on a mission to Paris and London. In 1923 elected Deputy for Constantinople and during two months was President of the Council of Ministers which post he resigned on emergence of republican issue. In November became first President of the Assembly. In March 1924 was regarded as being identified with the Opposition when the question of the President's powers was under consideration. In May chief Turkish delegate for Mosul discussions at Constantinople. Represented Turkey before the League of Nations in September and later proceeded to Brussels again in connexion with the Mosul question. Became President of the Council for the second time and in November also held the portfolio of Defence. His period of office was marked by moderation and he had the support of the Oppositionist Progressive party. In March 1925 on the collapse of the Kurdish revolt his Government fell because of his alleged lukewarmness in dealing with the rebels and in the same month he was appointed Turkish Ambassador in Paris. Resigned his post in August 1930 when he reappeared in Turkey as the founder of a new political party, the Liberal Republican, with the full approval of the Gazi probably even by his order. To facilitate his entry into the Assembly, was returned unopposed as Deputy for Giumuşane. Was obliged, by failure of presidential support to dissolve his party in November, but retained the Gazi's friendship, and they were much together during the annual festivities at Angora, October-November 1931 and on subsequent occasions. Did not stand for re-election at the general election of 1931 and was living in retirement at Constantinople when, in March 1934 he was appointed Ambassador in London on the personal initiative of the President of the Republic.

Fethi has Mongol features. He is pleasant to talk to, speaks good French and is essentially a moderate. He has an attractive English-speaking wife, and his daughter is being educated at the English High School for Girls, Constantinople. There is evidence that even from Paris he exercised no little influence at Angora and a visit which he paid to the capital in 1928 had much to do with the Turkish acceptance of the Ottoman debt settlement.

29 *Fevzi (Çakmak) Field Marshal*

Born in Constantinople in 1874. Graduated from the military college in 1898. Saw service in Macedonia. From then until 1913 held numerous staff appointments. During the war fought at Gallipoli, in the Caucasus and in Palestine and was Chief of the General Staff 1918-19. In November 1919 was sent on a mission to Anatolia by the Constantinople Government and established relations with Mustafa Kemal. Held the portfolio of War in Constantinople Government during February and March 1920. He was throughout in close touch with Mustafa Kemal and on his resignation he went to Anatolia and was at once appointed Minister for National Defence. Played a large part in building up the Kemalist army and in organising transport and the production of

ammunition. In 1921 he became, for a time, a back number, but later re-established his position and became Chief of Staff. In 1923 was elected Deputy for Constantinople, and since then has been annually reappointed Chief of Staff. Resigned his deputyship in October 1924 on opting for military duties. In the autumn of 1927 was suffering from diabetes and went to Europe for a cure. Since then his health has much improved.

As Chief of the General Staff he went to Bucharest in November 1936 for the council meetings of the General Staffs of the Balkan *Entente*.

Fevzi Pasha had the confidence of Enver Pasha during the Great War and later of Mustafa Kemal. Reputed to be a capable officer, especially in matters relating to administration. Regarded by Halide Hanim as a good soldier, but nothing more. Has considerable influence with the army. Was in his time a pan-Turanian as well as a pan-Islamist, and on the abolition of the Caliphate was regarded as the only rival of Mustafa Kemal of whose manner of life he was understood strongly to disapprove. Was regarded as the leader of the war party at Angora during the Mosul crisis. Is somewhat old fashioned and keeps his women folk secluded, but he is now seen more in public than formerly. Speaks a little French and is pleasant to talk to.

30 *Fuat (Agrali)*

A son of Ethem Efendi, a former defterdar of Aydin, one of Abdul Hamid's Ministers of Finance, a professional banker and keen Orientalist in politics. Elected Deputy for Constantinople in 1920 and 1927. In November 1927 elected member of Finance Committee of Assembly and a year after vice-chairman of Budget Committee. Resigned this position in January 1929 on appointment to presidency of Cour des Comptes. In November 1929 elected chairman of Budget Committee and member of executive bureau of People's party. Did not stand at the general election of 1931 but was returned at a by-election as Deputy for Hazim in October 1933 and was appointed Minister of Public Works shortly afterwards. Became Minister of Finance in February 1934. Little is known of Fuat's personal characteristics, and even since his promotion to Cabinet rank he remains practically unknown to Angora society.

31 *Hakki Sinasi (General)*

Born at Constantinople in 1868, the son of a Foreign Ministry official. Studied first at the naval and afterwards at the medical school. Followed medical courses at Berlin, Heidelberg and Munich. While a doctor at the Haydarye Hospital in 1904 was expelled to Anatolia. On his return in 1908 was reinstated with rank of colonel, and later promoted general. Retired in 1918, and from then till 1924 occupied himself with municipal affairs. In November 1924 became a Deputy for Constantinople and was in 1927 Chairman of the Public Health Commission of the Assembly. In September 1925 was Turkish Red Crescent delegate at the International Red Cross Conference at Geneva. In March 1928 became chief inspector of the People's party for Constantinople, and in the late summer mediated successfully in a Constantinople tramway strike. Elected a Deputy for Erzerum in April 1931, and for Constantinople in February 1935.

32 *Hamdi Mehmet*

Born about 1880. During the armistice was head of the Refugee Section of the Ministry of Interior in Constantinople. In 1923 was elected Deputy for Erzincan. In 1924 was assistant Turkish delegate for the exchange of Turco-Greek populations, and in 1923 became chief delegate on the appointment of Tevfik Rüsta Bey as Minister for Foreign Affairs. Negotiated the Turco-Greek Agreement of 1925, and in June was appointed Minister at Vienna. Transferred to Berlin as Ambassador in May 1934. Short and stoutish, Hamdi speaks French fairly well and is intelligent and moderate.

33 *Hamdullah Suphi (Tanriover)*

Born at Constantinople in 1881. Educated at Galata Saray College. In 1901 entered Ministry for Foreign Affairs as a clerk. Remained there till 1908, occupying himself in writing poetry. After the Constitution continued his literary efforts and was the founder of a society of young poets which developed into the Turkish Ojaks. In 1910 appointed Professor of Turkish Literature at the Constantinople University. Was for a time in opposition to the Committee of Union and Progress, but after the Balkan war was on good terms with the

Unionists. Later became the leading propagandists of pan-Turanianism Travelled in Germany during the war In the early armistice was anti British and pro-Italian In April 1920 joined Mustafa Kemal at Angora. Later in the year was for a time head of the Kemalist Intelligence Service January April 1921, Minister of Public Instruction In April became Vice President of the Assembly, and occupied himself chiefly with the pan-Islamic Congress, then held in Angora Was again Minister of Public Instruction during the latter half of 1921, and was one of the first of the Angora leaders to make a speech against the Sultan In 1923 was elected Deputy for Constantinople and later president of the Turkish Ojaks to which he devoted most of his time and energy During 1923 was president of the Foreign Affairs Commission of the Assembly, and from March till December 1925 was again Minister of Public Instruction, resigning finally on grounds of ill health September 1927 re elected for Constantinople and became a member of the Constitutional Commission of the Assembly In October 1930 went to Athens as a member of the Turkish delegation to the Balkan Congress Early in 1931 the Turkish Ojak organisation was merged in that of the Popular party, to his great grief, and in April not having been re elected Deputy he was appointed Minister at Bucharest

Hamdullah Suphi is an idealist of the pre Turan in school and was the moving spirit of the Turkish Ojaks until their suppression He is a keen moderniser. Is not possessed of means and his honesty is above reproach

34 *Hasan (Sikki)*

Born in Erzerum in 1884 Said to be of Laz origin Educated at Constantinople and in Paris where from 1909 14 he studied at the School of Political Science During the war was head of the Economic Section of the Food Supplies Directorate and in December 1919 became Deputy for Erzurum Joined the Kemalist movement in March 1920 and in May 1921 became Minister of Finance, holding the post until April 1922 By this time he was apparently very pro Bolshevik in sympathy From May till July 1922 Minister of Economics and Public Works In November was appointed member of the Turkish delegation to the Lausanne Conference when he acted as financial expert In September 1923 was again Minister of Economics In March 1924 Minister of Commerce and in March 1925 again Minister of Finance resigning in July 1926, ostensibly on grounds of ill health Continued however to play an important part in Turkish financial matters Was re elected Deputy in September 1927 and in November, when it was rumoured that he would re enter the Ministry he became first Vice President of the Assembly Was president of the Turkish delegation to the Balkan Congress at Athens October 1930 In May 1931 went with the Minister for Foreign Affairs to Geneva to attend the European Union Conference and while there attended also the International Conference for the Limitation of Dangerous Drugs In October was president of the Second Balkan Conference held at Constantinople, and in December was elected president of the Supreme Economic Council Led the Turkish delegation to the Third and Fourth Balkan Conferences at Bucharest and Salonika in 1932 and 1933 respectively In May 1934 headed delegation of Turkish Deputies to Budapest to return visit of Hungarian Deputies to Angora in October 1933. Re-elected one of the Vice Presidents of the Assembly in November 1935, when he was also elected chairman of the Foreign Affairs Commission of the Assembly

Hasan fancies himself as an expert in matters pertaining to finance Knows French fairly well, is a man of private means, wily and has a sense of humour Not attractive personality Probably a bully has been described as something of an "apache" and most nearly answers the description when playing bridge, which he does very well Has a young and not unattractive wife.

35 *Hasan Fehmi*

Born at Gumushane in 1877 Educated at Constantinople and from 1902 to 1910 held various posts in the Turkish Civil Service In 1910 Governor of Gireson (Kerasund), and in 1912 of Kumotina (Gumulzina) 1913 18 Deputy for Gümüşane Joined Mustafa Kemal in April 1919 In 1920 Vice President of the Assembly In April 1922 was Minister of Finance In 1923 elected Deputy for Gümüşane August 1923 till January 1924 again Minister of Finance, resigning because of a dispute over the Anatolian Railway question November 1924 till March 1925 Minister of Agriculture December 1925 became one of the Government delegates on the board of the Ottoman Bank Was re elected Deputy in September 1927 In November of that year became chairman of the Finance Commission, and in November 1928 a member of the Constitutional Commission Re-elected Deputy for Gümüşane in April 1931, and elected chairman of the Budget Commission in May Elected President of Finance Commission in November 1933 and again in November 1934 but not in November 1935

Hasan Fehmi is not regarded as a strong man and during his occupation of ministerial posts was little more than a nominee of Mustafa Kemal

36 *Haydar*

Born at Philippopolis about 1885 Having completed his studies at Galata Saray College he entered the Ministry for Foreign Affairs and remained there till 1911, when he became second secretary at Sofia Attended the London Peace Conference in 1913 and then remained at Sofia until February 1919, when he returned to the Ministry. Late December 1919 was Director of Press and in May 1920 became private secretary to the Minister for Foreign Affairs, retaining the post till the fall of the Constantinople Government in November 1922 Was a member of Turkish peace delegation to London in February 1921 and March 1922 Early in 1924 was a Turkish delegate for exchange of ratifications and in August became first secretary at Berlin In August 1925 was appointed Chargé d'Affaires at Stockholm Oslo and Copenhagen In November 1928 was appointed Minister at Belgrade and in December of 1931 acted as Under Secretary of State for Foreign Affairs in the place of Numan Bey

Haydar is something of an intriguer and rather an opportunist, having tacked fairly successfully to the varying winds which have blown in Turkey during the last generation He is however amiable and good mannered, as well as able and intelligent Strongly favours a close Bulgaro Turkish friendship

37 *Hikmet Yusuf*

Born in Constantinople about 1882 Educated at the Galata Saray College Entered the Turkish Diplomatic Service and served as a secretary at Paris and Berlin Returned to the Sublime Porte early in the armistice, but in 1920 went to Angora, where he at once became Political Director at the Foreign Ministry, and accompanied the Nationalist mission to Europe in 1922 In 1924 was counsellor in London and in January 1925 again became head of the Political Section of the Foreign Ministry In the summer of 1925 he became Minister at Belgrade, holding the post till November 1927 when he became private secretary to the President of the Republic In July 1928 was appointed Ambassador at Kabul where he has not been a success, but his position was made very difficult by the eclipse of Amanullah and the consequent eclipse of Turkish influence In 1930 31 went on tour in India and on his return treated His Majesty's Minister at Kabul to animadversions on the laxity of British rule in that country Became secretary general to the Presidency of the Republic in the spring of 1932 and on resigning the post in October 1933 was elected Deputy for Manisa and soon afterwards appointed Minister of Education Resigned this post in July 1934 ostensibly in order to devote himself to historical studies

Yusuf Hikmet is short dark and somewhat insignificant in appearance He is, however intelligent He has agreeable manners and, in spite of slight deafness was generally popular in Belgrade, where His Majesty's Minister found him pleasant to deal with He might nevertheless, turn out to be something of a mischief maker Is said to be a voracious reader and collector of news, without however, the capacity of digesting or even appraising his material

38 *Hilmi (Uran)*

Early history unknown Appointed Vali of Adana in 1925 and was soon afterwards tried by the Angora Independence Tribunal for failure to send certain witnesses from Adana to the capital Later became local Popular party inspector In September 1927 was elected Deputy for Adana in October became a member of the executive bureau of the Popular party, and in November a member of the Internal Affairs Commission of the Assembly Elected vice president of this commission in 1928 reporter in 1929, and again vice president in November 1930 In December 1930 succeeded Zekai Bey as Minister of Public Works, and retained his portfolio in Ismet Pasha's new Cabinet May 1931 Resigned on account of ill health in October 1933 Re-elected to Commission of Internal Affairs in 1934 Re elected Deputy for Seyhan (Adana) in February 1935

39. *Hulusi Feat (Tugay)*

Born in 1885 at Constantinople. Member of the Turkish Diplomatic Service. Was employed at Berlin and Vienna during the war, and in Christiania in 1923 when he received an appointment in the Ministry for Foreign Affairs at Angora. May 1924 became "chef du cabinet" of Adnan Bey, delegate at Constantinople of the Ministry for Foreign Affairs. In October went to London as a member of the Turkish delegation in the Congress of the League of Nations Societies. Resigned in March 1925 for reasons unknown, though it was suggested that (1) he had quarrelled with Nusret Bey, (2) he was not fully sympathetic with Angora. In May appointed Chargé d'Affaires at Tokyo. In September 1926 was transferred in the same capacity to Nanking whence he was recalled to the Ministry for Foreign Affairs in August 1931, to become Director General of the VIth Department. Is now Director General of the IIIrd Department with the rank of permanent Chargé d'Affaires. He was a member of Turkish delegation to London in July 1936 for the discussions leading up to the signature of the Anglo-Turkish Trade and Clearing Agreement.

Hulusi Feat or Feat Tugay, as he has begun to call himself, is a son of "Deli" Feat Pasha and his wife, who is a pleasant woman and an excellent linguist, is a daughter of the late Mahir Mahir Pasha and a niece of the King of Egypt on her mother's side. He is pleasant to deal with, accustomed to European ways, enjoys a good cigar, not very clever and believed to be fairly straight. Knows English and speaks excellent French.

40. *Hussein Cahit*

Born at Constantinople in 1870. Took up the teaching profession, but in 1908 went over to journalism and became, in 1912, editor and part proprietor of the *Tanin*, the official organ of the Committee of Union and Progress. From 1908 was elected to the Constantinople Deputies in the Chamber, of which he became one of the vice-presidents during the war. Before the war was representative of the Turkish bondholders on the Public Debt. Played no great political part during the war, but at the armistice was arrested and deported to Malta. Released in April 1921, he spent the following year in Europe. On his return to Constantinople he recommenced publication of the *Tanin*, and, for a time, supported the Kemalist regime. Nevertheless he kept in close touch with the surviving Committee of Union and Progress leaders and gradually began to take a more independent line in his writings. By 1923 the *Tanin* had become the chief organ of the Opposition, and in December Cahit was tried and acquitted for the publication of the Aga Khan letter. In April 1925 he was again arrested for his publications, the *Tanin* was suppressed and Cahit Bey was sentenced by the Independence Tribunal to a life time confinement in a fortress (Çorum). He was again brought before the tribunal in August 1926 for alleged participation in the Smyrna plot, but was acquitted and soon afterwards released. In 1930 became chairman of the board of directors of the Bank of Industries and Mines. In September 1932, created a sensation at the First Turkish Linguistic Congress by calling in question the Gazi's favourite linguistic theories, and opposing the wholesale elimination of words of foreign origin.

Tall and slight. Cahit was remarkable for his biting satire, and was feared by his enemies. Has written several poems and produced a number of scholastic books. His former power was doubtless derived partly from his association with Cavit and the Government seem to have brought him to terms.

41. *Huseyin Ratip*

Born about 1885 in Rhodes. A brother of the late Resit Galip, ex Minister of Education (1932-33). In 1923 was appointed Turkish representative in Paris. Transferred to Bucharest in April 1925. Appointed Ambassador at Moscow in January 1929. Transferred to Rome in July 1934.

Is of pleasant address, unmarried, speaks good French, and is well looked upon in the highest Angora circles. Possibly the best Turkish Ambassador to Russia since the war. Keeps an open mind about the Soviet régime and endeavours to judge it without bias. Entertains generously and with good taste.

42. *Husrev (Gerede)*

Born about 1884. A soldier *de carrière*, was military attaché at Athens at the outbreak of the Great War and later served on the staff of the Caucasus Army as an intelligence officer. During the early part of the Nationalist struggle was private secretary to Mustafa Kemal Pasha. In February 1921 was a member

of Bekir Sami Bey's mission to Paris, London and Rome. In July 1923 was elected Deputy for Urfa. In May 1924 became Minister at Budapest. Later resigned his deputyship on opting for his Legation. In August 1926 was appointed Minister at Sofia. In July 1930 was appointed Ambassador at Warsaw, but did not proceed, and the following month was appointed Ambassador at Tehran, where he became increasingly unpopular, making no secret of his disgust for all things Persian. In 1931 the Persian New Year arrangements were altered to prevent his making a speech as doyen of the Diplomatic Corps. Resigned, ostensibly on ground of ill health, in June 1934 to make way for Emin (*q.v.*). In January 1936 he was appointed Ambassador at Tokyo.

Husrev is tall and good-looking, and is, or at least was, a friend of Ataturk.

43. *Ibrahim Tali (Ongoren)*

Born about 1885. An ex-army doctor by profession, and served in that capacity during the Great War. Came under the Gazi's notice at Diarbekir in 1916 or 1917. Later became Turkish consul at Batum. In February 1924 it was rumoured that he would succeed Adnan Bey as representative of the Ministry for Foreign Affairs at Constantinople, but instead, he went to Salonica to investigate alleged abuses on the part of the Turkish consul there. In April was appointed Minister at Warsaw. January 1926 elected Deputy for Diarbekir, and returned to Angora in the following month. In May became inspector-general of the People's party in Constantinople, and as such had very extensive powers. Took a prominent part in the 1927 elections and was himself again returned for Diarbekir. In October became vice-president of the Executive Council of the People's party and in November a member of the Assembly Foreign Affairs Commission. In December resigned his deputyship on being appointed inspector-general of the Eastern Provinces with extensive powers. Has had considerable success in reorganising the backward districts under his jurisdiction. Resigned post and elected Deputy for Constantinople in December 1932. Resigned Deputyship in April 1934 to take up new post of Inspector-General of Three Vilayets, resigned it in August 1935 on the ground of ill health.

Ibrahim Tali is a short, bullet-headed man and wears heavy glasses. He speaks French and a little English, and is cultured. Is pleasant in conversation, genial, tactful and broad minded. Has been to Bombay, studies Anglo-Indian administration and, at least while in charge of the Eastern Provinces, made his officials start work at 7.30 and stop at 1.

44. *Ihsan (Sokmen) General*

Born about 1875 at Constantinople. Left military college as a staff captain in 1896. 1900-06 military attaché at Athens. Joined the General Staff as lieutenant-colonel in 1908. From 1908 to 1911 he served on the staff of the VIIth Army, being then appointed its chief. Later, recalled to the Imperial General Staff, was placed in command of Edremit Division in 1912 and in 1914 was transferred with rank of brigadier-general to the 34th Division at Erzerum. Was captured after the battle of Sarikamiş in January 1915 and sent as a prisoner to Siberia, whence he escaped in December, making his way on foot to China, and from there returning by way of America to Constantinople. On his return he was placed on the retired list by Enver and took up the post of mayor at Yenikoy, on the Bosphorus. Brought back after the armistice and became in 1919 a member of the Military Court of Constantinople, in 1920 Inspector of Prisoners of War and in 1921 Director of the War Department. This brought him in close touch with the Angora Government and in December he became superintendent of their organisations in Constantinople. Though officially unemployed from November 1922 he was charged with the defence of Constantinople in the event of war between Turkey and the Allies. In July 1924 became Vali of Smyrna, in 1926 Deputy for Constantinople and since 1927 has been a member of the National Defence Commission of the Assembly (President 1932-35). Elected Deputy for Giresun (Kotas and) in April 1931 and member of the executive bureau of the People's party in November 1933, both again in 1935, when he was also elected chairman of the Petitions Commission of the Assembly.

General Ihsan is a thin, short man with ape-like features. He is something of an opportunist. He is married and has an American-educated English-speaking daughter who is married to Emin Ali Turkish Chargé d'Affaires at Brussels. He has published an account of his escape from Siberia

45. *Ismet (Inonu) General*

Born in 1880 at Smyrna where his father was a small landed proprietor Educated at the military college, and from 1906 12 saw service in Thrace and the Yemen Joined the General Staff in 1914 1915-16 Chief of Staff of the Caucasus army 1917 18 in Palestine, and became Under Secretary for War in the autumn in 1918 Early showed Nationalist sympathies, and joined Mustafa Kemal in March 1920, at once becoming Chief of Staff of the Nationalist forces Assumed command of the Western Army in December 1920 and was chief Turkish delegate at the Mudanya Conference in October 1922 In the same month was appointed Minister for Foreign Affairs and in November went to Lausanne as chief Turkish delegate Signed the Treaty of Lausanne on behalf of Turkey in July 1923 and in October became Prime Minister, retaining the portfolio of Foreign Affairs At the same time Mustafa Kemal delegated to him the functions of president of the People's party During 1924 owing to his ill health, his administration became more and more unpopular and he resigned in November On the outbreak of the Kurdish revolt in March 1925 he was again summoned to power by Mustafa Kemal and has since been Prime Minister though, in August 1925, it was rumoured that his relations with the Gazi had become strained owing to his opposition to the divorce of Latife Hanim This rumour proved unfounded and his position remained unchallenged as ever In August 1926 he was promoted general of the first class and in November 1927 after the general election at which he was re-elected for Mulatya he reconstituted his Cabinet on more democratic lines In 1930 his health was not good and he was subjected to much criticism but defended himself strongly in formation of Liberal party in August His triumph was again complete when Fethi Bey was forced to dissolve that party in November Re-elected for Mulatya in April 1931 and soon after again became Prime Minister with the same colleagues as before Paid official visits to Moscow and Rome in the spring of 1932 and to Sofia in September 1933 Given the surname of Inonu at the second of his principal victories over the Greeks by the President of the Republic in 1934 Again Prime Minister after the general election of February 1935 toured the eastern Provinces with the Minister for Foreign Affairs during the summer of that year

Ismet in his army days was regarded as an exceptionally capable staff officer, an indefatigable worker and was to a large extent responsible for the final Nationalist success against the Greeks in 1922 At Lausanne he showed himself a stubborn but able negotiator Is courteous and never shows signs of being ruffled But suffers from deafness which however he probably finds convenient at times Is the only one of the prominent early Nationalist leaders who has retained the confidence of Mustafa Kemal and remains as he has been for the last six years the President's right hand man According to Halide Hanim (July 1926) "He subordinates himself entirely to the Gazi and only wants to harg everybody though this estimate is undoubtedly overcoloured there is certainly a hard strain in Ismet's character while as regards the Gazi it is probably truer to say that they make an admirable combination Ismet not always being merely the organ of execution of reforms, but sometimes at any rate being even more thorough going than his chief Became a zealous student of English in the autumn of 1935 taking lessons from an American Rhodes scholar and in 1936 from an Englishman at Angora University

46 *Izzettin General*

Early history unknown Commanded the 1st Army Corps at the Sakarya battles 1922 In July 1923 was elected Deputy for Aydin but resigned his seat in October 1924 on opting for military duties In June 1925 became Inspector General of the IIIrd Army In August 1926 was promoted general of division and in 1930 full general Is a member of the Supreme War Council In November 1933 accompanied the Voroshiloff Karakhan delegation (which had visited Angora for the celebration of the tenth anniversary of the Turkish Republic) back to Odessa where he was feted and gave public expression to Russophil sentiments

47 *Kemal Ataturk)*

Born in 1880 at Salonica, son of an Albanian father and Turkish mother Had an entirely Turkish upbringing, and was educated at the Mulkiye School at Salonica and at the military college in Constantinople from which he passed

out with the rank of captain in 1905 In 1907 he was for a time exiled to Damascus Receiving a staff appointment at Salonica he early joined the Committee of Union and Progress and was at Salonica when the Constitution was proclaimed Soon after quarrelled with the Committee of Union and Progress 1910-11 served in Tripoli, 1913 became aide-de-camp to the Heir Apparent and military attaché at Sofia In October 1914 was given a command at Gallipoli and distinguished himself at Anafarta in 1915, when he alone saved the situation in defiance of Von Sanders's orders Later in the same year he fell foul of Enver and remained unemployed till 1917 when he was given a Caucasus command In 1917 he had twice command of the VIIth Army on the Palestine front but quarrelled in turn with Von Falkenhayn Liman von Sanders and Enver In May 1919 was sent to Anatolia to foster the rising tide of nationalism and on his arrival at Samsun immediately assumed leadership of the movement On the 19th July announced his resignation from the army and devotion to the Nationalist cause and on the 27th summoned the first Nationalist Congress at Erzerum In November summoned the second Nationalist Congress at Sivas and in December at Angora During the following months he tried to dictate to the Constantinople Government and in April 1920 established an independent Government at Angora In May became President of the First Assembly and proceeded to organise the Nationalist army In 1921 received Russian and Afghan Ambassadors at Angora and in November was vested with absolute authority for the prosecution of the war Early in 1922 had serious difficulties with Assembly, but his dictatorship was successively prolonged for limited periods and with the Nationalist victory over the Greeks in August-September his ascendency was complete In November severed from the Assembly the abolition of the Sultanate This step gave rise to opposition in the Assembly and he discussed it in April 1923 In the following election Kemalist nominees were to a large extent elected, Mustafa Kemal himself becoming one of the Deputies for Angora In August was re-elected President of the Assembly and in October on the emergence of a Cabinet crisis had a republic proclaimed with himself as President Early in March 1924 decreed the abolition of the Caliphate though in the same month the right of veto was refused to him while in April the supreme command of the army in time of peace was vested in the Chief of the General Staff Since that time the President has inspired the policy of the Government and in all essentials controlled the Administration through his nominees Though in many respects his policy is but a continuation of that of the Committee of Union and Progress the drive which has put the recent great innovations through has been entirely his own In August 1925 he divorced his wife Latife Hanim, whom he had married in 1922 and in the same month he decreed the abolition of the fez During the summer of 1926 a plot to assassinate him was discovered at Smyrna and as a result a number of Opposition leaders were hanged Early in 1927 his health showed signs of giving way, and he moderated his manner of life He was also seen much more in public and his behaviour became more decorous In the summer after an absence of eight years he at last visited Constantinople, and from there controlled the general election in September at which only his nominees were returned In October he made further history by delivering a six day speech before a party congress, in which he reviewed the whole course of the Turkish revolution In the following month he was unanimously re-elected President of the Republic

In May 1928 the King of Afghanistan paid him an official visit in Angora, being the first head of a foreign State to do so As in 1927 the summer was spent at Constantinople and was followed by an extensive provincial tour during which the campaign for the reform of the alphabet was launched and the Gazi a title assumed after the victory over the Greeks earned the sobriquet of "Professor in Chief" In the autumn of 1930 his position became delicate owing to his having encouraged the formation of the new Liberal party by Fethi Bey who had to dissolve it some months later Started on a prolonged tour of the provinces in November to investigate abuses and hear complaints Re-elected President of the Republic by the Fourth Grand National Assembly May 1931 Has since been chiefly interested in Turkish history and linguistic studies Has arrived at the conclusion that European languages and civilisation had their origin among the Altay Turks many thousands of years ago and in particular that the Hittites were of Turkish stock Surname of Ataturk (father of the Turks) conferred on him by vote of the Grand National Assembly in November 1934 when he

dropped titles of Pasha and Gazi as well as name of Mustafa and altered Kemal to Kamál Another plot against his life in which a Turkish Deputy was implicated was announced in October 1935 The suspects after trial were all acquitted

Kamál Ataturk is about 5 feet 7 inches tall with a sallow complexion and steel grey eyes with a fixed expression His strong regular features and is now inclined to stoutness. Possesses an impressive delivery in speech making but has little personal magnetism He is a driver rather than leader of men is jealous of superior talents and can brook no opposition as the record of his life shows From his early days he has been an excessive drinker and is still given to excesses Is however possessed of an iron will and constitution

48 *Kâzim Direnç General*

Born at Diarbekir in 1879 Educated at the military school 1904 05 employed at the Ministry of War 1909 12, and again 1913 14 military attache at Rome 1915 chief of Staff of the 1st Army at the Dardanelles under Liman von Sanders with whom he accompanied throughout the war and to Palestine In November 1918 he was director of the Military Council Showed no violent anti Ally leanings during the armistice and in June 1920 after carrying out an effort to secure a reconciliation between Angora and Constantinople joined Mustafa Kemal though at the time expressing the communists sympathy with Great Britain In October 1920 was appointed Director General of Administration of the Kemalist Western Army and in October 1921 Under Secretary of National Defence In 1922 23 was in command of the Turkish troops on the Caucasus front In 1924 succeeded Cevat Pasha as an inspector of the IIIrd Army In the spring of 1925 was in charge of the troops for the suppression of the Kurdish revolt and in June resigned his military inspectorate In August 1926 became Vali of Samsun In November 1930 was forced to resign and summoned to Angora because of his impartial attitude during the municipal elections at Samsun which resulted in the victory of the Liberal party candidates Was subsequently forgiven and elected as People's party Deputy for Smyrna at December 1932 Re elected February 1935

Kazim was highly esteemed by Liman von Sanders and is an industrious, well trained and efficient officer He is not a political agitator has moderate views and has never expressed a marked preference for any particular party At Samsun he earned a reputation for energy and efficiency He is friendly with foreigners, and was held in high esteem by the foreign colony at Samsun

49 *Kâzim Özalp, General*

Born at Veles Kopriilu about 1884 Has followed a military career, and was early a staunch adherent of the Committee of Union and Progress Held various commands in the eastern vilayets, and during the war was Director General of Administration to Mustafa Pasha In July 1919 was in command of troops at Balikesir and there worked for the Nationalist cause In the autumn raised irregular bands round Bandirma to support Mustafa Kemal who appointed him Governor of the Balikesir area in January 1920 In June was given command on the northern front and, after the battle of the Sakarya was promoted Pasha, becoming in the following month, January 1922 Minister of National Defence Held this post till November 1924 when he became President of the Assembly In August 1928 was promoted to be divisional general of the first class Following the general election in September 1927 at which he was again returned for Karasi Balikesir) he was in November re elected President of the Assembly Was president of the Turkish Linguistic Congress at Constantinople in the autumn of 1932 Not elected President of the Fifth Grand National Assembly March 1935 but made Minister of National Defence

General Ozalp Kazim is fairly well educated and speaks a little French He is considered to be tenacious but not remarkable but he has not at the moment a strong character Has powerful Italian and German and possibly still anti Bolshevik and during the Nationalist struggle made it clear that he was anti Greek as distinct from anti Ally Is influential but not an attractive personality A keen poker player

50 *Kâzim Orbay General*

Born about 1883 Fought in Turco Italian and Balkan Wars also in Great War in Austria commanded a brigade against the Russians at Przemysl) at

Gallipoli and Erzerum At the armistice was Chief of Staff of IXth (Caucasus) Army Was in charge of the division which captured General Tricoupis in the War of Independence In 1925 he became Sub Chief of the Turkish General Staff Was promoted general of division in 1926, and in November 1928 was Chief of the Turkish military mission then sent to Afghanistan, but the mission came to nothing owing to the collapse of Amanullah Given command of IVth Army Corps in June 1929 Later Inspector General of Gendarmerie Became Inspector of Third Army Area in September 1935.

General Kazim has a precise manner of speaking, but is pleasant and reasonable Supposed to be rather fuddy duddy as regards military matters. He is married to a sister of the late Enver Pasha Probably anti Russian and pro German A great friend of the late Kemaleddin Sami Pasha Turkish Ambassador at Berlin

51 *Kâzim Karabekir General*

Born at Bitolj (Monastir) in 1878 of poor parents Has throughout his life followed a military career Held various staff appointments during the war Immediately after the armistice was given command of the XVth Army Corps at Erzerum where in 1919, he established contact with Mustafa Kemal definitely joining the latter in September In 1919 20 was responsible for the consolidation of the Nationalist position in the eastern vilayets and for the repression of the Armenians At this same time was busily in touch with Bolshevik agents Was throughout in close touch and help fully of Angora and for a time his relations with Mustafa Kemal were strained In September 1921 represented Turkey at the Kars Conference where he assured the Bolsheviks, not altogether truthfully, of Angora's friendship towards the Bolsheviks, and also probably because of a great interest in the eastern provinces In 1922 was given full powers there and for a time was in touch with Enver Pasha Finally arrived at Angora in October 1922 and after being for a time unemployed probably owing to the jealousy of Mustafa Kemal became one of the military inspectors Elected Deputy for Constantinople in 1923 he resigned his military duties in October 1924 Leader of the Opposition resigned from the People's party in November 1924 Became president of the new Progressive party which was suppressed in March 1925 He continued his opposition activities and in June 1926 was arrested and tried at Smyrna for participation in the alleged plot against the Gazi, but was acquitted probably owing to his influence with the army which it was later started wished to make him leader of an opposition movement Ceased to be a Deputy in September 1927 and was severely criticised in the Gazi's lengthy review of the revolution in October 1927 Since then little has been heard of him though his influence particularly with the army still remains considerable Was proposed as an Independent candidate for Istanbul in 1931 but not elected as his candidature was vetoed by the Popular party In May 1933, in a letter to a newspaper claimed the credit of having started the Nationalist movement before Mustafa Kemal This caused an uproar in the press which made much of the Gazi's comment that Kazim Karabekir was a case for the mental specialists.

Colonel Rawlinson says "Kazim Karabekir Pasha is the best example of a first class Turkish officer that I have met Any army under him will be well commanded" Possessed of a naturally quick and bright intelligence, he is master of every branch of his profession, and most conscientious in the performance of his duties Is straightforward and much of the Nationalist success was due to his competent handling of the Eastern Army

52 *Kâzim (Dirik kin) General*

Born about 1880 and educated at the Military School Was in command of troops (8th Division) at Angora 1925 27 In January 1928 became Deputy for Diarbekir and resigned his military appointment Has remained Deputy for Diarbekir ever since and member of the National Defence Commission of the Grand National Assembly since November 1928

General Kazim is nicknamed Bonli " (from bon " a mole on the face), used to be considered as a disagreeable type ill mannered a bully and a drinker but in recent years at any rate he has always seemed the soul of good nature and has shown himself particularly friendly to members of His Majesty's Embassy He and his extremely plain wife are familiar and popular figures at the principal Angora " crushes "

53 *Kiliç Ali*

Born about 1882 Before and during the war was a non-commissioned officer In 1919 he organised a tough lot of bashi bozuks at Balikesir Next heard of in Cilicia in 1920-21, when he acted with great energy against the Armenians, thereby earning the sobriquet of "Kiliç" (sword) At the same time changed his name from Asaf to Ali and became Deputy for Ayintap, which he still represents in the Assembly In July 1924 assaulted Celal Nuri Bey with impunity in his office and two months later accompanied Mustafa Kemal on his tour of the eastern provinces an association much criticised at the time Continued however, to be one of the chief associates of the Gazi and in March 1925 became a member of the Angora Independence Tribunal In February 1927 wounded Salih Bey in a brawl arising out the Swedish railway contract The independence tribunals having been suppressed in March Kiliç Ali devoted himself to his numerous commercial activities the summer, when he was in attendance on the Gazi at Constantinople In November was a member of the Turkish mission sent to Moscow in connexion with the Russian revolution anniversary celebrations and in the same month became a member of the executive bureau of the People's party and of the Defence Commission of the Assembly Is a member of the board of the Is Bankasi

Kiliç Ali's character is clear from his record He is a brute and a bully with no apparent compensating features He is however influential, owing to his friendship with the President of the Republic though outwardly at least that friendship seems to be subject to a good deal of ebb and flow

54 *Mahmut Esat Bozkurt*)

Born at Smyrna in 1886 Studied law in Constantinople and Switzerland obtaining his degree in Fribourg in 1911 In 1912 established himself in Smyrna as a lawyer and remained exclusively there till 1919 In May 1920 went to Angora, and in the following month was appointed Deputy for Smyrna and still retains that seat In May 1922 published a violent article against the Sublime Porte and the Sultan and in June became secretary of the Foreign Affairs Commission of the Assembly In July became Minister of Foreign Affairs holding the post till September 1923 when he retired to Smyrna and was understood to have become an oppositionist In March 1924 opposed the grant of veto and dissolution powers to the President of the Republic In November became Minister of Justice retaining this portfolio when Ismet Pasha reconstructed his Cabinet in November 1927 In August-September 1926 Acting Minister for Foreign Affairs during the absence of Tevfik Rustu Bey at Geneva In 1926 and 1927 he made several visits to Europe in connexion with the "Lotus" question and was chief Turkish delegate before The Hague Tribunal in the summer of 1927 when the Turkish case was upheld In 1930 became increasingly unpopular and was accused of influencing the course of justice His position became gradually weaker during the summer, and he was one of the chief objects of attack of Fethi Bey and the new Liberal party Was not included in Ismet Pasha's Cabinet as reformed in September 1930 and in May 1931 In October 1931 published in a Smyrna newspaper a series of violent articles against freemasonry

Mahmut Esat speaks French and German as well as Turkish and Greek He is considered to be one of the best Turkish specialists in Constitutional Law He showed great energy in the introduction of Criminal and Civil Codes based on Western models of which the last named has revolutionised Turkish family life

55 *Ufkmet Esat* (*Unaner*)

Born in 1886, a diplomat *de carrière* Director of the first branch of Political Affairs at the Ministry for Foreign Affairs in 1924 then appointed Chargé d'Affaires at The Hague He served at Vienna and Stockholm and returned to Angora in 1928 as Director General of the Second Department of the Ministry In 1929 he was transferred to the First Department In August 1931 he was appointed second Turkish delegate on the Exchange Commission which was certainly not promotion, and he was believed to have incurred the disapproval of Ismet Inonu In 1936 he was promoted to the post of head of the new Department of the Ministry for Foreign Affairs which deals with questions arising from the application of the new Straits Convention

A very European Turk he speaks excellent French and goes about a good deal in society He is efficient and helpful

56 *Memduh Şevket*

Early history unknown Appointed Turkish Minister at Tehran in August 1925, and rather more than a year later returned to Angora with Teymourtache, via Moscow Was said to be associated with schemes for an Asiatic League of Nations Resigned his post in August 1930, nominally on grounds of ill health, and was elected Deputy for Elaziz in April 1931 In October was a member of the Turkish delegation to the Second Balkan Conference at Constantinople Elected member of the Constitution Committee of the Assembly in November 1932 Was also a member of the executive bureau of the People's party Appointed Ambassador at Kabul in January 1933 and after resigning his deputyship, left to take up his post in October

Memduh Sevket had at one time the reputation of being very Asiatic and practically ignorant of Western Europe. At Tehran, however, he learned to speak French fluently and was very friendly towards His Majesty's Legation Is understood to have wide interests especially historical

57 *Muhlis* (*Erkmen*)

Born in Constantinople about 1887 Graduate of Halkali Agricultural School in 1911 Taught there 1911-16 Sent by Turkish Government to Germany for special course of study, and on his return resumed position as teacher at Halkali School Was employed for a time as adviser in Ministry of National Economy, returning later to the agricultural school where he specialised in the subject of milk Still later became rector of the school, and was Under Secretary for Agriculture in 1926 and 1927 In the latter year was elected Deputy for Brussa and member of the Budget Commission of the Assembly of which he became *rapporteur* in 1928 In 1931 was elected Deputy for Kutahya and secretary of the Budget Commission In December 1931 was appointed to the newly created post of Minister of Agriculture Is friendly and popular Known to the Diplomatic Corps chiefly in connexion with the Angora Riding Club, of which he is an active member

58 *Munir Ertegun*

Born about 1875 Educated at the Mulkiye College and Law School at Constantinople After obtaining his diploma of doctor of law was appointed one of the assistant legal advisers of the Sublime Porte holding this post till 1916, when he became chief legal adviser As such attended the conference of Brzesć (Brest Litovsk) Accompanied Izzet Pasha on the reconciliation mission to Anatolia in December 1920 At once placed his services at the disposal of the Nationalist Government and became legal adviser Was Turkish legal adviser at the Lausanne Conference and returned to hold the post at the Ministry for Foreign Affairs till February 1925, when he was appointed Turkish Minister at Berne Became Ambassador at Paris in August 1930 Transferred to London in May 1932 and to Washington in March 1934

Munir is a pretty good lawyer and rather the simple old fashioned kind of Turkish official He has a reputation for honesty, and created a good impression on the British delegates at the Lausanne Conference.

59 *Mustafa Şeref Özkan*)

Born in Burdur in 1884 A graduate of the faculty of law of Constantinople and Paris Was director of the Law School at Konya, professor of the Turkish University, Under Secretary of the Ministry of Commerce under the Imperial regime Elected Deputy for Burdur Took part in the Lausanne Conference Lately one of the Turkish delegates for the negotiation of commercial treaties Appointed Minister of National Economy in Ismet Pasha's new Cabinet, September 1930, and retained his portfolio in new Ministry, May 1931 Resigned in September 1932, and in November was elected chairman of Finance Committee of the Grand National Assembly In April 1933 went to Rome as member of Turkish delegation to International Parliamentary Economic Conference and in November became chairman of the Budget Committee of the Assembly Elected chairman of Budget Committee of Assembly in November 1935

60 *Vasif Çinar General*

Born at Bitolj (Monastir) Passed out of Constantinople Military School with rank of second lieutenant of infantry in 1893, and went to Germany for a course of military studies Teacher of military manœuvres from 1897 to 1909

Commanded school for reserve officers at Beylerbey until its suppression in 1912 In February 1913 appointed director of studies at the Constantinople Military School In February 1915 was made director of the training camp at Erzerum, and in 1917 joined the General Staff of the Caucasus armies In July 1918 appointed personal A.D.C to the Sultan (Mehmet VI, Vahideddin), and retained the post until April 1920, though in sympathy with the Nationalist movement, for which reason he fell foul of the Grand Vizier Damat Ferit Accompanied Salih Pasha on his mission to Anatolia, and joined Mustafa Kemal In 1924 was head of a military mission to Britain France and Poland In May June 1925 was in command of the Government forces at Diyarbekir for the repression of the Kurdish revolt of Sheikh Said In 1927 commanded the Vth Army Corps at Konya and was promoted Divisional General In 1928 made the arrangements for King Amanullah's visit to Angora and was to have gone to Afghanistan as military adviser but Kazim Pasha was sent instead Thereupon resigned from the army and was elected Deputy for Cebelibereket Was president of the National Defence Commission of the Assembly from November 1928 to November 1930 and is a member of the same Commission since the latter date Elected Deputy for Seyhan (Adana) in February 1935

General Naci is short very dapper possessed of pleasant but very formal manners a refined and charming wife and an attractive daughter Speaks French and excellent German

61 *Necmettin Sadak*

Born about 1880 Owner and chief editor of the *Aksam* newspaper, published at Constantinople Elected Deputy for Smyrna in September 1927 and member of the Public Instruction Commission of the Assembly in November Was one of the Turkish delegates to the International Press Conference at Cologne in May 1928, and in November was elected Chairman of the Foreign Affairs Commission of the Assembly a position which he still retains Early in 1929 his paper published an attack on His Majesty's Ambassador on account of sympathy shown with the sufferers from a fire at Kurtulus (Cotavla) a Greek quarter of Constantinople, but later gave equal publicity to an explanation by Sir George Clerk In November 1930 he accompanied as journalist the Turkish delegation to the preliminary Disarmament Conference at Geneva Accompanied Ismet Pasha and Tevfik Rustu Bey on their official visit to Athens October 1931, and on his return was one of the Turkish delegates at the Second Balkan Conference, held at Constantinople Member of Turkish delegation to Inter Parliamentary Congress at Geneva July 1932 and to the Disarmament Conference in January 1933 Was commissioned by the Gazi to reply to accusations contained in Harold Armstrong's *Grey Wolf* which he did in a series of articles in the *Aksam* containing virulent personal attacks on that author Elected Secretary General of "Franco Turkish Friendship" group of Grand National Assembly in March 1934 and in November *rapporteur* of the Foreign Affairs Committee of the Assembly Re elected in 1935 In January 1935 and September 1936 he accompanied the Turkish delegations to Geneva

Necmettin Sadik speaks French and has pleasant manners.

62 *Numan (Menemencioglu)*

Born in 1880, a son of Menemenli Zade Rifat Bey, ex president of the Ottoman Senate, and on his mother's side a relative of the poet Namik Kemal Bey After passing through Galata Saray College went to Switzerland in 1913 to study jurisprudence On the outbreak of war entered the Hartive College as a cadet, but through his father's influence obtained in February 1915 the post of third secretary at the Turkish Embassy in Vienna Transferred in 1916 to Berne where he remained till transferred to The Hague some years after the war Appointed first secretary at Athens in 1926 and in August transferred to Budapest as Chargé d'Affaires After serving for a time as consul general at Beirut was in June 1928 appointed Director General of the First Division at the Ministry for Foreign Affairs Appointed Under Secretary of State for Foreign Affairs in June 1929 in which post he completed the work of reorganisation initiated by his predecessor Munis Bey Was in Germany for treatment during greater part of 1931 In May 1933 accompanied Minister of National Economy to Athens for commercial negotiations and cultivation of cordial relations with Tsaldaris Government In June was promoted to rank of Ambassador and appointed Secretary General of the Ministry for Foreign Affairs a new post In December led a delegation to Rome to negotiate a new commercial treaty, and to Berlin in March 1935 In December 1936 he accompanied Dr Aras to Geneva to discuss the Alexandretta question

Numan is stout somewhat stooped, dark haired and sallow complexioned Has very indifferent health Quiet and retiring, but very intelligent and efficient, friendly mannered, but rather unctuous. Speaks excellent French, and plays a good game of bridge Married a French Swiss lady, now deceased

63 *Nuri (Conker)*

Born about 1880 A former military attaché at The Hague Was with Mustafa Kemal at Tripoli in 1911 and became his personal friend Earlier history unknown Elected Deputy for Kastamuni in 1923, and again in 1927 In 1926 27 was a member of the Executive Bureau of the Popular party and was elected to the Foreign Affairs Commission of the Assembly in 1927 and 1928 In August 1930 joined Fethi Bey's new Liberal Republican party somewhat against the Gazi's wishes and acted as its secretary general until the dissolution of the party in November when he was appointed a member of the Administrative Council of the Is Bankasi (Business Bank) Again seen a good deal with the Gazi in October and November 1931 when the press announced that he had applied for and obtained readmission to the Popular party Became member of Economic Committee of the Grand National Assembly in November 1932 Deputy for Antep Withdrew before that year In November 1936 he was elected one of the three Vice Presidents of the Assembly

Nuri is fat, substantially built and by no means forthcoming Is a cousin of Ismet Inonu, and while the party of the Liberal Republican party was one of the Gazi's most intimate and constant companions and as such probably exercised certain amount of influence Owns house in Angora

64 *Nuri Bey*

Early history unknown Was in 1924 member of staff of Foreign Affairs Department in Constantinople Later appointed Turkish Consul at Tiflis In December 1926 became head of Consular Section of Ministry for Foreign Affairs, in May 1928 Assistant Under Secretary of State for Foreign Affairs chiefly concerned with legal matters Appointed Director General of the Third Political Department in June 1928 and Chargé d'Affaires at The Hague in August 1931 In June 1933 was appointed Under Secretary of State for Foreign Affairs in succession to Numan Bey but never took up his duties it was said because the Gazi considered him unsuitable In July appointed first Turkish Minister at Tirana since recognition of King Zog by the Gazi Left for some mysterious reason did not proceed Appointed Minister at Riga July 1937

65 *Nusret*

Born about 1878 of South Albanian origin Educated at the Mulkiye College at Constantinople after which he followed a course of jurisprudence at the law school In 1903 became a clerk in the Legal Adviser's Department at the Sublime Porte In 1916 became director of this department In 1921 accompanied Tevfik Pasha's delegation to London in the capacity of legal adviser Was in the Turkish delegation at Lausanne Continued to share with Munir Bey the duties of legal adviser of the Angora Government until 1924, when he was appointed representative in Constantinople of the Ministry for Foreign Affairs As such he was always ready to take reasonable views, and in so far as his limited powers allowed him, he was helpful In June 1927 he resigned his Constantinople appointment on being appointed President of the newly constituted Council of State In 1931 was appointed chairman of the Board of Central Bank of the Republic the State Bank

Nusret gives lectures at the law school on international law on which he is regarded as something of an authority Is of a very quiet and studious disposition, and his chief pleasure consists in the perusal of legal works in French Is personable and courteous, but in Constantinople his bugbear was social functions in Pera

66 *Nusret Sadullah*

Born about 1875 the son of Sadullah Pasha, at one time Ambassador and Minister for Foreign Affairs Studied at the Galata Seray College Constantinople and at Vienna Entered the diplomatic service and served at Berlin and Vienna until about 1900 when he became assistant legal adviser to the

Sublime Porte Owing to bad health was for some years unemployed, but in July 1913, after having been a Deputy for a few months he became Minister in Belgium and afterwards at The Hague, where he remained until 1923 In 1925 he became head of the Political Section of the Foreign Ministry, but resigned in 1926 for reasons of health In September 1927 became Deputy for Samsun, and two months later member of the Assembly Foreign Affairs Commission Appointed Minister at Belgrade in February 1928 he resigned his deputyship, but was re-elected in October, ill health having made it impossible for him to take up his new diplomatic post Re-elected member of Foreign Affairs Commission of the Assembly in November 1930 Not re-elected to the Assembly in April 1931

Nusret Sadullah is cultured and very popular both in European and Turkish circles He is also capable but his poor health — a hereditary weakness both his father and brother having committed suicide during fits of temporary insanity — has prevented him from attaining the distinction to which he would otherwise appear entitled Was married to an Egyptian princess, now deceased the daughter of the late Abbas Halim Pasha Subsequently married an attractive Turkish lady very much younger than himself Is not a politician Is now engaged in commerce and lives at Constantinople

67 *Ragip Rauf*

Born in 1874 the son of Rauf Pasha Entered Turkish Foreign Office in 1897 went to London in 1901 and later to Berne Brussels, Washington and again London where he was until 1914 Remained in Europe during the war, and after it was Minister at Madrid In 1927 became political Director at Ministry for Foreign Affairs, and in January 1929 was appointed Chargé d'Affaires at Stockholm Oslo Copenhagen and The Hague Appointed Chargé d'Affaires at Tokyo in July 1931, but did not proceed Presented his credentials to the King of Sweden as Minister Plenipotentiary November 1933

Ragip Rauf shows distinct traces of Arab blood and has a somewhat coarse appearance Speaks English well, and is a good talker, but is addicted to drink, and when in liquor often indulges in indiscretions, which are generally amusing and sometimes interesting

68 *Rahmi (Kaken)*

Born about 1880 at Smyrna Nothing known of his early history, except that for a time he was a finance official Since 1923 has been a Deputy for Smyrna Became Minister of Commerce in May 1926, and in November 1927, on the reconstruction of Ismet Pasha's Cabinet, retained that portfolio, combining with it that of Agriculture Was not a success in this post owing to complete lack of business capacity Resigned on grounds of ill health in May 1929 Elected member of the Economic Affairs and Accounts Committees of the Assembly in November 1930 and chairman of former committee in November 1931 Became chairman of Agricultural Committee in November 1932

Rahmi is a big, burly man who speaks nothing but Turkish He rarely shows himself in public, but officially is courteous and helpful

69 *Rana (Turhan)*

Born in 1883 at Constantinople and educated at Galata Saray School Studied wireless telegraphy in Europe, and was employed in the Directorate of Posts and Telegraphs until 1920, subsequently taking up private commercial and agricultural work Was one of the founders of a modern cotton factory in Turkey In 1926 was a member of the Constantinople Municipal Council and in September 1927 was elected Deputy for Samsun becoming in November a member of the Internal Affairs Commission of the Assembly In June 1928 he was one of the Turkish delegates to the Inter Parliamentary Congress at Paris, was in November elected president of the Finance Commission of the Assembly and about the same time became a member of the Executive Bureau of the People's party In the summer of 1929 he represented Turkey at the Universal Postal Congress held in London and during his stay in England visited several Manchester cotton mills under the auspices of the Department of Overseas Trade Having been returned as Deputy for Constantinople in April 1931 he was soon afterwards elected vice-president of the Budget Commission of the Assembly and in October was a member of the Turkish delegation at the Second Balkan Conference, held at Constantinople At the end of December he was appointed to the newly created post of Minister of Customs and Monopolies

Rana who speaks a little English has always greeted memories of the numerous official attentions which he received during his visit to London in 1929

70 *Recep (Peker)*

Born about 1880 An ex army officer In 1922 became secretary general of the People's party, and as such had considerable power July 1923 Deputy for Kutahya May 1924 became Minister of Interior and resigned from the secretaryship of the People's party In the autumn of 1924 was considered one of the leading men of Ismet Pasha's Cabinet and a likely candidate for the premiership, but was maintained in his post on Fethi Bey becoming Prime Minister in November In January 1925 resigned owing to his objections to the Cabinet proposal to appoint prefects by election, and resumed his post as secretary general of the People's party until in March on the return of Ismet Pasha to power he became Minister for National Defence Early in 1927 his influence was said to be on the wane He was re-elected Deputy for Kutahya in 1927 (again in 1931), but ceased to hold ministerial rank when Ismet Pasha reconstructed his Cabinet in November and a few days later became chairman of the Defence Commission of the Assembly October 1928 became Minister of Public Works but was not reappointed on re-formation of Ismet Pasha's Cabinet in September 1930 In March 1931 again became secretary general of the People's party Went on a prolonged tour of European countries, including Spain and Norway in 1932 In 1935 was re-elected Deputy for Kutahya In June 1936 he suddenly lost the President's favour and was dismissed from the post of Secretary General of the People's party but remains his seat in the Assembly

Recep was unknown until the later years of the Nationalist struggle, and owed his position to his friendship with the President of the Republic A big, burly figure he is said to be ambitious with a perpetual desire to become Prime Minister He is, however, something of an extremist

71 *Refet (general)*

Born in 1877 at Trnovo 1898-1908 was employed in the gendarmerie in Macedonia Commanded the gendarmerie battalion of the Army of Liberation in 1908 Went to the staff school in 1911 and was sent to Damascus in 1912 Became famous as the defender of Gaza in 1916 and 1918 received the command of the XXIIIrd Army Corps in Palestine At the armistice was appointed commander-in-chief of the gendarmerie and in May 1919 commander of the IIIrd Army Corps at Sivas Landed at Samsun with Mustafa Kemal, and immediately became one of the latter's chief lieutenants In September commanded the Nationalist forces at Konya and in March 1920 was appointed commander on the Aydin front In September was appointed Minister of the Interior, holding the post until April 1921 After holding various commands, was Minister of National Defence from July 1921 to January 1922 After the Mudanya Conference was appointed Governor of Thrace, but remained in Constantinople where he rapidly overthrew the Sultan's Government and established Nationalist authority In July 1923 elected Deputy for Constantinople, and soon afterwards resigned his appointment which no longer had any *raison d'être* In the autumn began to show Opposition tendencies over the proclamation of the republic, and was in close touch with the Caliph and Rauf Bey Resigned his deputyship in May 1924 and thereafter lived quietly in Constantinople though maintaining close touch with Rauf and other Opposition leaders In October withdrew his resignation of deputyship publicly joined forces with the Oppositionists resigned from the People's party and became one of the leaders of the new Progressive party In July 1926 was tried at Angora for participation in the alleged plot against the life of the President of the Republic, but was acquitted supposedly because of his prestige with the army In October he announced his abandonment of political life and in November finally resigned his deputyship In 1931 he visited Angora and it was rumoured that he was to return to political life Later he was put forward as independent candidate for Istanbul at the parliamentary elections but his candidature was vetoed by the Popular party and came to nothing He was however returned as an independent Deputy for Constantinople in February 1935

General Refet is one of the most able of the Nationalist leaders and of considerable political ability In 1922 at Constantinople showed himself to be an extremely keen and clever tactician Though his private life is not above reproach, he can hardly fail to play a prominent part in any future Opposition movement in Turkey

72 *Refik (Saydam), Dr*

Born about 1878. Studied at Stambul Medical School and in Germany, and later practised medicine. Was an early supporter of Mustafa Kemal and from 1921 to 1923 was Deputy for Beyazit in the first Angora Assembly. Since 1923 has been one of the Deputies for Constantinople. Except for the period November 1924 to March 1925 when Fethi Bey was Prime Minister Dr Refik has been Minister of Health since October 1923. He has discharged the duties of his post with marked ability and the great improvement in Turkish sanitary conditions and the successful draining of the Angora marshes are outstanding tributes to his ability and energy. His Ministry is easily the most efficient of all the Turkish official Departments. Is chairman of the Administrative Committee of the Turkish Red Crescent. Paid official visits to the United States of America and London in 1929. In October 1931 was Acting Prime Minister during Ismet Pasha's official visit to Athens and Budapest. Was Acting Minister of Finance and of Education in 1933.

Dr Refik is robust and bearing jubilee has grey hair spectacles and is universally popular. Not much seen in public but is particularly fond of bridge at which he is an adept player. Speaks fair French. Is unconcerned with politics and is most unduly [illegible] with his work. Is probably a martyr to his Department.

73 *Rüştü Saffet*

Born at Constantinople about 1883. Began life as translator in the Tobacco Regie. Later entered the Ministry for Foreign Affairs and was secretary in the Legations at Bucharest, Washington, Madrid and Tehran. During this period became a member of the C.U.P. On the conclusion of the revolution of 1908 was appointed Director of the Private Council of the Ministry of Finance and became secretary to the Minister, Ismail Bey who at various times sent him on propaganda missions to Paris, London and Berlin, particularly during the Great War. Vienna and Berlin. On the signature of the armistice in 1918 became counsellor of the Turkish Legation at Berne where he organised an anti Islamic agitation in the world's press. On his return to Constantinople in October 1919 joined a branch of the Swiss Society for the Defence of Oriental Rights and became one of the directors of Pan Islamic activity. Later he turned to pan Turanianism and became one of the most indefatigable discoverers of affinities between the Turkish race and the principal civilised peoples of the world. Worked for the extreme wing of the Nationalist party but in 1921 lost the favour of Mustafa Kemal for a time. In October 1922 was appointed secretary general of the Turkish Peace Delegation at Lausanne. In 1923 was adviser to Turkish delegate for the organisation of the International Board of Health and showed himself pugnacious and occasionally insolent. Made grave accusations against the British delegate and was obliged to resign. Elected Deputy for Izmit in September 1927 and member of the Commerce Committee of the Assembly in November. In June 1928 was one of the Turkish delegates to the International Inter Parliamentary Congress at Paris, and visited Russia in 1929, returning much impressed by his experiences. In October 1930 he went as member of the Turkish delegation to the Balkan Congress at Athens, and in January 1931 to the Balkan Conference at Salonica. Is president of the Turkish Touring Club, in which capacity he has done much to secure the abolition of some of the more troublesome restrictions on the movement of foreigners, and since November 1930 a member of the Finance Commission of the Assembly. In the autumn of 1931 represented Turkey at Orientalists' Congress at Leyden and Parliamentary Congress at Bucharest and was one of the Turkish delegates at the Second Balkan Conference held in Constantinople. Elected member of Accounts Committee of Assembly in November 1932. Represented Turkey at International Tourists' Congress at Cairo in February 1933, and was a delegate to fourth Balkan Conference at Salonica in November. Not re elected Deputy at the general election of February 1935.

Rşat Saffet speaks fluent and idiomatic German. Is well versed in finance and very ambitious. Has been described as a man of no character and is not above making improper advances when under the influence of liquor to distinguished female visitors.

74 *Rasim Esref*

Born in 1893 at Constantinople. Before the war taught in the English boys' school in Constantinople. Was associated with Mustafa Kemal from the

inception of the Nationalist movement and was a member of the first Angora Assembly. Has been a Deputy for Afyon Karahisar since 1923. Has never occupied any prominent official position but has for some years been one of the Ghazi's most intimate friends. 1925 27 was secretary of the Assembly Foreign Affairs Commission and for the last four years has been the chief secretary of the Assembly. In the summer of 1927 he represented the Turkish press at an international congress in London whence he returned deeply impressed by English education, industry and culture. In June 1928 was a delegate to the International Parliamentary Congress in Paris and on his return took a prominent part in the campaign for the reform of the alphabet. Was one of the Turkish delegates at the Balkan Congress at Athens in October 1930 and secretary of the Balkan Conference at Constantinople a year later. Took prominent part in organisation of first Turkish Linguistic Congress at Constantinople in September 1932. Member of Turkish delegation to Third Balkan Conference at Bucharest in October 1932. Appointed Secretary General to the Presidency of the Republic October 1933 when he resigned his lieutenantship [illegible] March 1934 from the Diplomatic Service in consequence [illegible] and disgrace as Minister to Albania. In October however, was appointed Minister to Athens a post for which [illegible] of Anglo Turkish interests, though innocent of other Latin Greek [illegible] particularly suited.

Rasim Esref is an attractive personality. He speaks French and English remarkably well. Has read extensively and is extremely intelligent but is [illegible] unfortunately lazy and although fond of writing and gifted with great fluency [illegible] works is spotty. His style [illegible] gaged on translating standard Western authors. While accused by some of his enemies of [illegible] he is excellent company, is very fond of bridge and has a pleasant wife whose comparative good looks [illegible] [illegible] [illegible] [illegible] of Ankara society.

75 *Sabri (Ayruk)*

Born about 1884. Before the war was a small post office employee. During the war was secretary general of the Committee of Union and Progress and for [illegible] duties in this office was deported to Malta in 1919. He returned and became in 1922 Director of Posts and Telegraphs at Angora, and went to Germany, where he studied wireless. In July 1923 elected Deputy for Saruhan (Manisa), and in August became first Vice President of the Assembly. In March 1925 became Minister for Agriculture. He was re elected Deputy in September 1927, but ceased to hold office in November on the suppression of the Ministry of Agriculture as a separate department. In the same month he became a member of the Assembly Budget Commission and in November 1929 chairman of the Assembly Accounts Commission. In February 1929 was appointed Minister at Bucharest but resigned in 1930 in order to become a Deputy again. Was a member of the Turkish delegation to the Balkan Congress at Athens in October 1930 and next month was elected member of the Foreign Affairs Commission of the Assembly. Was a member of the Turkish delegation at the Second Balkan Conference held at Constantinople in October 1931.

Sabri has a rough but genial manner. He has great ideas about developing agriculture in Turkey. In November 1925 during a visit to Moscow, he gave evidence of strong pro Russian sentiments.

76 *Saffet (Arikan),*

Born about 1885. A former staff colonel. Was on the staff of Izzet Pasha in the Yemen in 1912. During the war served at Gallipoli and in Mesopotamia. In 1920 was military attaché at Moscow. In July 1923 elected Deputy for Izmit. From March 1925 until March 1931 was secretary general of the People's party, and as such exercised much power and influence. He had complete control over the party and was responsible for the arrangements for the complete success of the Kemalist candidates in the general election of September 1927, he himself being returned for Erzurum. In November 1927 he became president of the Foreign Affairs Commission of the Assembly and in this capacity he headed a Turkish mission to Moscow for the celebrations to [illegible] with the tenth anniversary of the Soviet revolution. From there went on to Paris and London. In the autumn of 1930 and winter of 1931 was busily engaged in reorganising the Popular party. Appointed head of Department in Council of State in 1931. Elected secretary of the National Defence Committee of the Grand National

Assembly in November 1933 In March 1934 was elected Vice President of the 'Franco Turkish Friendship' group of the Grand National Assembly Became president of the parliamentary group of the People's party in March 1935 and was appointed Minister of Education in June

Saffet is probably a crypto Israelite Jew, and is extremely capable, but is possibly just as untrustworthy He is, however friendly and sociable and a good bridge player He is a close friend of the President of the Republic Is not considered a suitable choice for the Ministry of Education

77 *Saca (Bozok)*

Born in 1881 Passed through the military school and was a great friend of Mustafa Kemal both then and after Was with him at Tripoli in 1911 Joined the Nationalist movement at the outset and became chief A D C to the President In 1923 was elected Deputy for Yozgat and continued to be one of the Ghazi's boon companions In 1926 again to show nervousness regarding the future in March 1927 was involved in a row with Kuluk Ali Bey arising out of his interests in Swedish railway concession, and was shot in the leg By this time his influence was on the wane In June he suddenly returned to favour and was in close attendance on the Ghazi at Constantinople during the summer, as also during Ghazi's visit of 1928 Re elected Deputy for Yozgat in September 1927 and in November of that year has been a member of the National Defence Commission of the Assembly In April 1935 elected Deputy for Bitlis and again in February 1935

Saka speaks only Turkish but is pleasant to talk to Is a hard drinker

78 *Suat (Bursa)*

Born in 1878 Studied law in Paris and in 1912 became secretary at the Sublime Porte Was a protégé of Talat Pasha and quickly became head of the Consular and Commercial Department During the armistice was Director General of Administration at the Porte but resigned on the fall of Ferit Pasha In 1923 became Under Secretary of Foreign Affairs at Angora and in 1924 representative at Rome Appointed Ambassador there in April 1925, and was always on good terms with His Majesty's Ambassador Transferred to Paris in May 1932

Suat has at Angora the reputation of being a somewhat aggressive and tiresome person to deal with

79 *Sakir*

Born at Veles (Macedonia) about 1882 Educated at Constantinople, and early entered the service of the Ministry of Interior Was for a time secretary of the Adrianople Vilayet and later became Kaimakam of Ardahan Became Deputy for Gallipoli in 1920 and throughout the armistice was one of the moving spirits of the Kemalist movement in Europe In 1921 was the unofficial Kemalist agent in Sofia but continued to devote most of his attention to the Thracian movement In October 1922 he was appointed Vali of Adrianople and established the Kemalist Administration there Early in the following year he transferred his activities to Constantinople of which he was for a time Vali Has been Deputy for Adrianople since 1923 and for the last three years chairman of the Budget Committee of the Assembly He is also a member of the executive bureau of the People's party In May 1929 became Minister of National Economy, but lost the appointment on the reformation of Ismet Pasha's Cabinet in September 1930 Chairman of the Executive Committee of the Grand National Assembly since November 1932 Elected Deputy for Tekirdag in February 1935

Sakir is a man of wide education speaks several European languages and has travelled much in Europe He has some reputation as an administrator, and for the last few years has taken a prominent part in Turkish financial and economic matters, being connected with the Alpullu sugar refinery

80 *Sevki Berki*

Born in Constantinople about 1884 The son of a major domo of Tevfik Pasha who saw to the education of his retainer's son at the Galata Saray College, and in 1905 secured him a post in the Foreign Ministry Accompanied Tevfik Pasha on a mission to Vienna Berlin and St Petersburg in 1909 Returned to the Ministry and in 1914 became private secretary to the Minister for Foreign Affairs holding this post throughout the war Accompanied Tevfik Pasha to the Paris Peace Conference in 1920 and was later in the year appointed Minister at Stockholm

In 1922 was Under Secretary for Foreign Affairs under Izzet Pasha in the last Constantinople Government till the collapse of the latter in November Angora having need of his services, he was summoned to the capital, in 1925 was head of the Commercial Section of the Foreign Ministry, and in August 1926 became Under Secretary, holding this post till September 1927 when he was elected Deputy for Tokat In November he became a member of the Budget Commission of the Assembly For the last few years he has been chief Turkish delegate for the negotiation of commercial and consular conventions with foreign States Was not re elected Deputy in the general election of April 1931, and was soon after appointed chief Turkish delegate on the Graeco Turkish Mixed Exchange Commission Appointed Minister at Madrid in January 1933 Transferred to Sofia in April 1934

As his record shows Sevki owes everything to his venerable patron, Tevfik Pasha He is short and unimposing but has a certain capacity Became much more expansive and affable after his election as a Deputy Enjoys imperfect health

81 *Sevki Vehmet Ali*

A grandson of Gazi Mukhtar Pasha who was Turkish High Commissioner in Egypt before the war Served in the Turkish Embassy in London, as secretary and counsellor for about eleven years In December 1930 was transferred to Angora as Director of the Second Section of the First Department which dealt with British Empire affairs Went to Cairo as Chargé d'Affaires in 1931, and appointed Minister there in January 1933

Sevki was thought a possible Vali Harbiye at every convenient age in order to enable him for the breaking off of his engagement to a Turkish princess Is fair and English looking has good manners and speaks English exceedingly well Is unmarried and of a retiring disposition, but was much liked in London Plays golf and is generally very English in his tastes and general outlook

82 *Sukru Saracoglu*

Born about 1885 Nothing great known of his early history Since July 1923 has been a Deputy for Smyrna December 1923 became president of Foreign Affairs Commission of Assembly November 1924 to March 1925 was Minister of Public Instruction in Fethi Bey's Cabinet In June 1925 became chief Turkish delegate on the Commission for the Exchange of Populations In this capacity visited Geneva in December 1926 and in the same month signed the Turco Greek Convention In May 1927 he was given charge of negotiations for purchase of Anatolian Railway which was concluded in December 1928 and in November, when Ismet Pasha reconstructed his Cabinet he became Minister of Finance As such he was intimately concerned in the Ottoman Public Debt settlement of 1928 In 1930 he earned much criticism in connexion with the Turkish financial crisis, and one of Fethi Bey's principal objects in founding the new Liberal party was to get rid of him as Minister of Finance In this he failed, but Sukru Bey resigned in December on account of ill health In October 1931 was sent on a special mission to the United States of America ostensibly to get into touch with American business circles, but really in the hope of obtaining American financial cooperation in Turkish public works Early in 1932 resumed in Paris negotiations with bondholders in consequence of Turkey's inability to continue payments agreed on in 1928 and in April 1933 signed a new agreement more favourable to Turkey Appointed Minister of Justice in May

Sukru Saracoglu is delicate in appearance and is probably a Moderate Is believed to be very capable, has plenty of drive is popular and was on excellent terms with his Greek opposite number in exchange matters He has acted as Minister for Foreign Affairs during Tevfik Rastu's numerous absences abroad

83 *Sukru Kaya*

Born about 1884 at Kos, where he still owns property Before the war was an official of the Ministry of Justice, and in 1914 as a civil inspector, accompanied the Embassies delegates who enquired into the Greek deportations around Smyrna Was then considered Ulema and a protégé of Talat Pasha Was deported to Malta in the early armistice days on his liberation identified himself with Mustafa Kemal Was a member of the Turkish delegation to the first Lausanne Conference Mayor of Smyrna in 1923, when he was a failure In July 1923 elected Deputy for Mentese which he still represents In March

1924 charged with deposit of the ratification of the Lausanne Treaty and went to Paris and Berne. In the same month became president of the Foreign Affairs Commission of the Assembly. In August became Minister of Agriculture, and in November Minister for Foreign Affairs. Resigned in March 1925 and was reappointed president of the Foreign Affairs Commission of the Assembly holding this post till the autumn of 1927. During this period he exercised considerable influence over Turkish foreign policy. In November 1927, on the reconstruction of Ismet Pasha's Cabinet, he became Minister of Interior, and quickly effected drastic administrative changes, more particularly in the eastern provinces where he caused the military regime to be suppressed in December. Acts for Minister for Foreign Affairs during Tevfik Rustu's frequent visits abroad. Was similarly employed for a time in absence of the Prime Minister's tour of the Eastern Provinces in the summer of 1930 when numerous abuses were brought to light. Appointed Secretary General of the People's party in June 1936 in succession to Recep Peker.

Sukru is a courteous but vigorous personality and is by no means unintelligent. Not favoured by Soviet leading Turks who regard him as a poseur. Is a hard drinker and an intimate associate of the Gazi. His wife who now speaks fair French is much seen in diplomatic society than formerly.

84 *Sukru Naili Kologlu (Kholy Grossi)*

Early history unknown. Elected Deputy for Kirkilisch (Kirk Kilisse) in 1923. In October of this year was in command of the Turkish troops which occupied Thrace up to the Allied ex-neutral zone and remained in command of the Third Army Corps stationed at Constantinople. In October 1924 resigned his deputyship on accepting the military duties. Promoted Divisional General in August 1926. Was re-elected to the Assembly in 1934 but resigned before the end of the year. Elected Deputy for Istanbul in February 1935 and in November chairman of the National Defence Committee of the Assembly.

Colonel Sukru Naili has the reputation of being an intelligent and up-to-date soldier with pleasant manners and a European outlook.

85 *Tevfik, Colonel*

Born about 1880. Mother a Bagdadi, father a Turk. Left the military school in 1908 and in view of his marked intelligence proceeded direct to the Staff College whence he graduated in 1912. In 1914 he was appointed to the staff of the 19th Division, where he served under Mustafa Kemal. Later he served in the Caucasus and was on the staff of Ismet Pasha in Palestine. Joined the Nationalist movement at the beginning and was appointed to the General Staff of the Ministry of National Defence, with rank of Colonel. Was Turkish military adviser at the Lausanne Conference 1922-23. In June 1924 became secretary to the President of the Republic and held this post till November 1927 in spite of Ismet Pasha's efforts to appoint him to various missions abroad. He represented Turkey at the Arms Traffic Conference at Geneva in the early summer of 1925. In November 1927 was appointed Ambassador in Moscow but only remained there till May 1928 when he was at Angora in attendance on the King of Afghanistan whom he accompanied to Tehran. He there signed the Turco-Persian Neutrality Protocol, and on his return resumed his duties as private secretary to the President who refused to be without him. In November 1930 he was a member of the Turkish delegation at the Geneva Preparatory Disarmament Conference and again in February 1932. Suddenly fell from favour in March after mysterious quarrel with the Gazi and has since been living in disgrace at Constantinople.

Colonel Tevfik is believed to be the staff officer who was until his fall completely identified with Mustafa Kemal. He speaks German, Russian and French. Always affable. His relations with the British delegates at Lausanne were very cordial. He is married.

86 *Tevfik Kemal*

Born in 1889 at Smyrna and educated there. A career diplomat. Studied law in Paris until 1911 and entered diplomatic service after teaching for some time at Stamboul University. He was second secretary to the Turkish delegation at the Second Lausanne Conference in 1923, and on his return to Angora became

Under Secretary for Foreign Affairs. As such he was charged with the negotiations of friendship treaties with several foreign countries and gradually exercised increasing influence. Resigned in October 1925 on his election as Deputy for Constantinople. In 1926 he became a member of the Foreign Affairs Commission of the Assembly, and by his expert knowledge made his influence felt. In 1927 he was responsible for the drafting of a new and very important law on Turkish nationality. Represented Turkey at an International Cattle Plague Conference at Adana in November 1927. Elected one of the quaestors of the Assembly a year later. Soon afterwards succeeded Cemal Husnu Bey as chief Turkish delegate on the Mixed Exchange Commission where he was a great improvement on his predecessor. Is a hard worker and a tower of strength to the Foreign Ministry, with which he is always in close contact. In April 1931 was appointed Minister at Sofia where according to the Turkish press he was active in prosecuting local Turkish journalists for anti-Kemalist publications. In October 1933 he confided to His Majesty's Minister that he was practically in exile at Sofia and that he was thoroughly disgusted with Ataturk's régime. Transferred to Madrid as Minister to Spain and Portugal in April 1934.

Tevfik Kemal is without doubt very capable. He is however shy and reserved, but when better known is pleasant in conversation and ready freely to express his views on questions which interest him. He is married.

87 *Tevfik Rustu (Aras) Dr*

Born about 1885. Doctor in the sanitary service. In 1909 was secretary general of the Committee of Union and Progress Congress then held. Served as doctor during the Balkan War and was made prisoner by the Serbs. In 1920 was a member of a mission to Russia and later during the Nationalist movement was the director of an Angora newspaper. Elected Deputy for Smyrna in July 1923, was secretary of the Foreign Affairs Commission which considered the Lausanne Treaty. Later in the year was appointed president of the Turkish Commission for the Exchange of Populations and early incurred odium because of his alleged failure adequately to protect Turkish interests. Resigned in September 1924 over the Mosul issue but subsequently withdrew his resignation and resumed negotiations for the conclusion of a Greco-Greek agreement. In March 1925 became Minister for Foreign Affairs. Proceeded to Europe on various missions particularly in connexion with the Mosul question, and signed the Angora Treaty in June 1926. During the summer of 1926 his position was weakened owing to his relationship (brother in law) with the late Dr Nazim whose death sentence he endeavoured to have commuted but this effect was apparently only temporary, and he again seemed fairly established when he met M. Chicherin at Odessa in November. During the following months rumours of his impending resignation were current, but these proved unfounded and he retained his portfolio when Ismet Pasha reconstructed his Cabinet in November 1927. In March 1928 attended the Preparatory Disarmament Conference at Geneva and during the year his position seemed to become steadily stronger. In September 1930 paid an official visit to Moscow. In November headed the Turkish delegation to the Preparatory Disarmament Conference at Geneva, and in December visited Signor Mussolini at Rome and was received by the King. Was the moving spirit on the Turkish side in the Graeco-Turkish rapprochement which led to M. Venizelos's visit to Angora in October 1930, when the treaties were signed, and his own and the Prime Minister's return visit to Athens in October 1931. In January 1932 went to Tehran to sign frontier agreement, and in February led Turkish delegation to Disarmament Conference at Geneva. Was elected vice president of Naval Commission of conference. In April and May paid official visits to Moscow and Rome with Ismet Pasha. Again led Turkish delegation to Disarmament Conference in January and April 1933, and to Economic Conference at London in June. Displayed great political activity during 1934 chiefly in connexion with the Balkan Pact which he signed on behalf of Turkey at Athens on the 9th February. Was President of the Council of the League of Nations early in 1935 presiding over its eighty fourth and eighty fifth sessions in January and April. Was also one of the three members of Five who submitted proposals for a solution of the Italo-Abyssinian conflict in September. He won a great personal success as leader of the Turkish delegation to Montreux which secured the signature of the new Straits Convention in July 1936. He

also led the Turkish delegation to Geneva in December 1936 when the question of Alexandretta was discussed

Tevfik Rustu is dishevelled in appearance and veils his features behind monumental dark glasses He is so volatile and voluble that he appears inane His real influence on Turkish foreign policy is difficult to determine though his subservience to Ismet Pasha in public lends colour to the theory that he is content for the most part to take his orders from his superiors Has an unattractive wife who has succeeded in learning a little French and a peasant though very strictly brought up daughter who is married to a prime minister of her father's Ministry

88 *Yaka Ahdi Karamanoglu*

Born about 1880 A journalist by profession and the author of a number of novels Elected Deputy for Mentesh in 1923 and for Mardin in 1927 In the same year he was elected a member of the Foreign Affairs Commission of the Assembly and has since been at Angora until the slight angle to increase Was one of the Turkish delegates to the Inter Parliamentary Congress at Paris in June 1928 and to the first Balkan Conference at Athens in October 1930 In April 1931 was sent to Deputy to Moscow and in October was one of the Turkish delegates to the Balkan Conference at Constantinople Was one of two Turkish delegates to the Congress at Moscow in the summer of 1934 and in October resigned his membership being appointed Minister at Vienna He was transferred as Minister to Prague in March 1936

Yakup Kadri is small and distinguished in appearance and of a delicate constitution His wife is pleasant and speaks English

89 *Hasan Ali*

Born in 1878 Educated at Rhodes Became a protege of Memduh Pasha Dino who put him in charge of his farms Dismissed him after two years because of abuses Emerged from obscurity in 1908 and became one of the Committee of Union and Progress members for Smyrna in the Chamber of Deputies In 1911 became editor of the Committee of Union and Progress *Tesvir Efkar*, and in 1910 started the *Yeni Gun* In 1908 received £T 40 000 from the secret Committee of Union and Progress funds Was imprisoned soon after the armistice but was soon released and published attacks on the Allies in his newspaper On occupation of Constantinople in March 1920 he escaped to Angora, having for some time previously been in touch with Mustafa Kemal Began publishing his paper there and became Deputy for Smyrna In February 1921 was a member of the Angora peace delegation to Rome, Paris and London In the autumn he fell foul of Mustafa Kemal because of his sympathy with Enver, but in 1922 was received back into the fold and for some time was president of the Foreign Affairs Commission Throughout this period he wrote many Russophil articles and was a bitter Anglophobe Has been Deputy for Mentese (Mugla) since 1923 In 1924 started the *Cumhuriyet* in Constantinople and soon after the *Yeni Gun* ceased publication Since 1923 has been President of the Constitution Commission of the Assembly and 1926 27 was also a member of the Foreign Affairs Commission In 1927 28 took the leading part in an enquiry into the peculations of the former Ministers of Marine and Commerce—a curious selection Spent the summer of 1928 in Russia and Germany and on his return markedly displayed his Russophil sentiments In November became member of executive bureau of Popular party In 1929 again visited Germany several times During the summer of 1931 engaged in the scurrilous press controversy with journalists of the Opposition which led to the stringent press law of the 24th July directed against the latter Accompanied Ismet Pasha and Tevfik Rustu Bey on their official visit to Athens in October In December 1931 became director of the board of directors of monopolies drug factory at Constantinople since so suppressed as part of anti narcotic campaign instituted by the Gazi with which he seems to have most influence

Yunus Nadi is stout and stout and wears pince nez He is intelligent and Turkey's best letter writer but is ready to talk to any writer is an excessive drinker and an unscrupulous scandal monger who secretly fed his colour disgusts over the Turks

90 *Yusuf Kemal (Tengirshenk)*

Born in 1878 at Sinop Entered the military school but transferred in 1901 to the school of law from which he graduated in 1905 Practised in

Constantinople and was for a short time Deputy for Kastamoni but in 1909 joined the Opposition In 1910 resigned his seat and spent the following two years in Paris studying law Throughout the war practised as a barrister in Constantinople October to December 1919 was Under Secretary for Justice, and on being sent on a mission of reconciliation to Anatolia, was won over to the Nationalist cause and did not return to Constantinople Became Minister of Economics early in 1920 In 1920 21 proceeded on mission to Moscow and Tiflis and attended the Baku Congress Became Minister for Foreign Affairs in May 1921, and throughout his tenure of office was in close touch with Moscow Proceeded to Paris and London as head of the Angora peace delegation in March 1922 Resigned in October, nominally on grounds of ill health In July 1923 was elected Deputy for Sinop and in the following month was president of the Foreign Affairs Commission which examined the Lausanne Treaty In January 1924 became Turkish Ambassador in London resigned in May on accepting the Paris legatyship In November was privately asked to succeed Kazim Pasha for the presidency for the Assembly but was afterwards asked not to accept the post in order that his life long friendship for Ismet might not be misunderstood to be out of sympathy with the President of the Republic From 1925 27 was, however, reporter of the Finance Commission of the Assembly, and in 1927 accepted the Ministry of Justice in the Bayar Ministry with Ismet's approval He was re elected Deputy for Eskishehir in September 1927 and a member of the Constitutional Committee of the Assembly In September 1930 became Minister of Interior but had to withdraw owing to illness in October 1930 and in March 1931 resigned his seat in the Assembly again in May 1931 Resigned office in May 1932 owing to ill health and from 1932 33 was engaged in writing his memoirs of the War of Independence for the Government Appointed President of the Court of Appeal for Issues and re elected Deputy for Sinop in 1935

Yusuf Kemal is a good speaker and nourishes Bolshevik sympathies, although not far as these do not extend to sympathy with Turkish political aims

91 *Zekai Apaydin*

Born at Bursa in 1878 A graduate of the Mulkiye School and became kaimakam and mutessarif Was Deputy for Adana in the first Angora Assembly, and in 1921 was a member of Bekir Sami Bey's peace delegation to London In the following year Turkish economic expert at the Lausanne conference Was a member of the Independence Tribunal

Elected Deputy for Aydin in July 1923 became Minister for Agriculture in March 1924 In September was appointed Ambassador to London, but was recalled early in 1925 owing to his having on his own account proposed a direct deal over Mosul which he was instructed by Angora to withdraw In May was appointed Ambassador at Moscow and in November 1926 was present at Odessa at the interview between M Chicherin and the Turkish Minister for Foreign Affairs Resigned in September 1927 on his election, possibly not of his own volition as Deputy for Divrikshehr A member of the Foreign Affairs Commission of the Assembly In 1929, when all Powers were obliged by the denunciation of the Commercial Treaty of Lausanne to negotiate fresh treaties, was appointed chief of the delegation for the negotiation of commercial treaties Appointed Minister of Public Works in Ismet Pasha's new Cabinet, September 1930, and Minister of National Defence in December 1930 and again in May 1931 Resigned in March 1935 to make way for Kazim Ozalp and appointed Ambassador at Moscow for the second time in June

Zekai carries under a mop of grey hair a perpetual expression of puzzled benignity He is an industrious worker and a good chief but of so narrow an outlook as to drive his subordinates to the verge of despair He has been reported as being anti British in sympathy in the past and when in London alienated Turkish sympathisers by his lack of courtesy towards them During the negotiation of the Anglo Turkish Commercial Treaty he was through slow in the uptake friendly and helpful in finding the way of compromise Is no conversationalist

92 *Zeki Ulcay*

Born at Aydin in 1889 Graduated from the Constantinople Mulkiye (Civil) college in 1910 Was employed on various financial enquiries and twice went to Europe as a student inspector In 1926 became member of the Council of Education and in 1927 director of the Mulkiye College In September of that year was elected Deputy for Adrianople and in November secretary of the Foreign Affairs Commission of the Assembly of which commission he is still

a member In 1929 took an increasingly prominent part in the discussion of foreign affairs, on which subject he contributed numerous articles to the semi official press. Was a member of the Turkish delegation to the Balkan Congress at Athens in October 1930 Elected Deputy for Divarbekir in April 1931 and again in February 1935

Zeki Mesut wears behind his glasses the strained expression of a short sighted man who refuses to wear any He is friendly but not unduly communicative. He speaks good French

Obituary

Mahmut

E 171 8 89] No. 4

Sir P Loraine to Mr Eden (Received January 8)

(No 14)
(Telegraphic) *Angora January 7* 1937

PARAGRAPH 6 of his telegram No 8

Following statements of importance were made by Minister for Foreign Affairs during the conversation

Turkey is seeking no advantage and wants no territory for herself anywhere least of all in Arab

3 Army Corps covering southern frontier are well below normal peace strength Disbandment class will not be replaced until February (This is normal) Not one sentry has been placed on or near the frontier

Turkey intends to act strictly within legal limits and to let procedure, initiated at Geneva take its proper course

The *maximum* threat that comes from Turkey is that of bad relations with France in the event of a settlement unsatisfactory to Turkey

Advantage of France Turkish armed hostilities is sheer nonsense

Journey of the President of the Republic to Istanbul and thence to Konia is purely for health and climatic reasons Meeting at Eskisehir attended by Prime Minister Minister for Foreign Affairs and the Chief of the General Staff was to obtain President's approval for Turkish Ambassador's approach to you referred to in Part I and contingent retreat from extreme Turkish claim which it implies

Turkey will remain faithful to her friends and her obligations She has anchored herself to her friendship with England and has no wish to embarrass in the slightest degree British relations with the Arab world

Finally his Excellency said "You can be absolutely certain that neither your Government nor you yourself will ever need blush for your Turkish friends"

(R 208/43/67] No. 5

Sir P Loraine to Mr Eden (Received January 9.)

(No 16. Confidential)
(Telegraphic) *Angora January 8* 1937

MY telegram No 169

Turkish Minister for Foreign Affairs tells me that Roumania as well as Yugoslavia has now decided to reject the proposal for an alliance with France He anticipates that when the Balkan *Entente* Council meet in Athens on 15th February these decisions of the two members of the *Entente* who are also members of the Little *Entente*, will be registered and that a decision will be taken and published by the four Balkan States that they form a non front *bloc*

R 214, 214/19] No 6.

Sir S Waterlow to Mr Eden (Received January 10.)

(No 5)
(Telegraphic) *Athens, January 10, 1937.*

I LEARN that Turkish Minister for Foreign Affairs before leaving Athens gave General Metaxas an undertaking in writing that Turkey would collaborate with Greece in resisting any attempt by Bulgaria to raise the question of a territorial exit to the Ægean. My Yugoslav colleague informs me that M Stoyadinovitch signified his concurrence in this understanding

It appears also to have been agreed between Greek and Turkish Ministers at in the event of Anglo-Italian Agreement being interpreted as not covering the Ægean, Greece and Turkey should supplement their existing Pact of Friendship by a new agreement reciprocally guaranteeing their maritime frontiers in the Ægean area

(Repeated to Angora Belgrade and Sofia)

E 208 208 44 No 7

Sir P Loraine to Mr Eden (Received January 11)

(No 7 [illegible],
Sir *Angora, January 4* 1937

I HAVE the honour with reference to Mr Morgan's despatch No 563 E of the 10th November to inform you that the Turkish Prime Minister on the 29th December made an important statement to the parliamentary group of the People's party on the subject of economic and particularly agricultural conditions in Turkey

2 General Ismet Inonu said that legislation was under consideration and would shortly be introduced with a view to improve economic and agricultural conditions Whereas the past few years had witnessed an improvement in the production and returns of industry there had been no such progress in the sphere of agriculture apart from increase in revenue due to rise in prices An increase in agricultural production was the surest road towards and an essential condition of progress in industry and the improvement of the national defences General Inonu continued that in order to meet this situation credits would need to be voted for the purpose of intensifying agricultural production and improving the situation of the peasants The questions at issue might be classified as follows in order of importance —

(i) *Irrigation* The question of utilising the more considerable sources of water supply would at once be studied while lesser sources would receive consideration as necessity arose

(ii) *The Organisation and Regulation of Production* — It was proposed to institute a system of organised agricultural combines equipped with modern machinery and having at their command the resources of a modern irrigation system The need for such organisations was particularly great in Central and Eastern Anatolia It was proposed to create 1 000 such combines to begin with, and to increase their number after four years in the light of experience. Among the important questions to be studied under this heading was the problem of improving the quality of cotton in Western Anatolia and Adana and increasing the crop

(iii) *Forestry Problems* — Three essential points needed consideration regulation of questions of ownership, an effective system of conservancy and the exploitation of forests by the State alone

(iv) *Agrarian Questions* - General Inonu maintained that it was essential for land to be the property of the men who exploited it, in order that the greatest yield might be obtained At present there existed a quite disproportionate number of landless cultivators even in the most prosperous districts more than half the peasants did not own their land and were forced to work in unsatisfactory conditions Although the Turkish Government had never contemplated a policy of forcibly depriving owners of their property, it was essential to remedy the condition of the landless peasants and to proceed to a redistribution of land

3. General Inonu finally expressed the opinion that it would be found possible to allocate some £T 100 million in the course of the next five or six years towards improving agricultural conditions and urged on the People's party the desirability of supporting the passage of the necessary legislation at the earliest possible moment.

4. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

R 258 13 92 — No. 8

Sir P. Loraine to Mr. Eden (*Received January 11*)

(No. 2. Saving.)
(Telegraphic.) *Angora, January 5, 1937*

MY telegram No. 198.

Newly arrived Roumanian Minister tells me that Turkish Prime Minister had himself sent advice to Roumanian Government in regard to projected understanding between Yugoslavia and Bulgaria.

This advice was in the sense that there was a possible gain to the tranquillity, security and solidarity in the Balkans, had no very serious risk, in agreeing to conclusion of this understanding. If after it the Bulgarians behaved badly, things would revert virtually to the present position. If on the other hand they behaved well the way would be open for arrangement which would better the relations between Bulgaria and her northern and southern neighbours with consequent benefit to the peninsula generally. But it would be bad statesmanship to refuse Bulgaria the chance that Yugoslavia was willing to offer her.

Bulgarian Minister here, also a comparatively new arrival, tells me that while Bulgarian Government remains firm in their refusal to contemplate entry of Bulgaria into Balkan *Entente* they are still willing to conclude bilateral arrangements with Greece and Roumania subject to prior adjustment of other questions at issue between them, some of these, as we know, being of long standing.

(Repeated to Bucharest No. 1, Athens No. 1, Belgrade, No. 1, and Sofia, No. 1.)

E 264 264 44] — No. 9

Sir P. Loraine to Mr. Eden (*Received January 12.*)

(No. 24. Most Confidential.)
(Telegraphic.) *Angora, January 12, 1937*

TURKISH Minister for Foreign Affairs tells me that he has received through Turkish Ambassador, Berlin, a personal invitation from Herr Hitler to send a Turkish warship or squadron to visit a German port in order that the occasion might be used for a grandiose manifestation of Turco-German friendship.

His Excellency said adding that this was for confidential information of His Majesty's Government alone, that Turkish Government would confine themselves to sending a suitable expression of thanks for such an invitation. He would not comply with it.

(Repeated to Berlin, Saving.)

R 264 6 67 — No. 10

Sir P. Loraine to Mr. Eden (*Received January 13*)

(No. 27.)
(Telegraphic.) *Angora, January 12, 1937*

I LEARNT yesterday from Turkish Minister for Foreign Affairs that Italian Ambassador after speaking to his Excellency about the Alexandretta question in the sense reported in my immediately preceding telegram went on to express deep satisfaction felt by the Italian Government and himself at conclusion of "gentleman's agreement" with His Majesty's Government; and he added in the opinion of Italian Government there now remained no obstacle to development of Turco-Italian friendship.

Dr. Aras told me that he had cordially welcomed this statement and had expressed to my Italian colleague the great satisfaction which Anglo-Italian Agreement had caused him also. To me he said thanks to this agreement Turkey felt secure in the Mediterranean; moreover, that sense of security was due to and depended on His Majesty's Government, which was the position he had always wished. Turkey would follow the lead you had given and would be glad to improve her relations with Italy and to contribute thus her small share to *détente* in the Mediterranean which you had initiated, and he felt confident that it would be agreeable to His Majesty's Government that Turkish Government should mould their Mediterranean policy on British pattern.

His Excellency recalled that not so long ago he had told me that Turkish outlook on the Mediterranean pivoted on that of England with France as England's second string. If now a *friendly* Italy took France's place as second string that would suit Turkey equally well.

He furthermore asked me to tell you that at no moment since "gentleman's agreement" was reached had the Turkish Government had the slightest apprehension of danger to Turkish interests through development of British policy in the Mediterranean; they had nevertheless been exceptionally appreciative of your frank and friendly communications at the time to Turkish Ambassador and your statement later on in the House of Commons had been received here with extraordinary gratitude.

Please see my immediately following telegram.

(Repeated to Rome.)

E 269 269 44] — No. 11

Sir P. Loraine to Mr. Eden (*Received January 13*)

(No. 28.)
(Telegraphic.) *Angora, January 12, 1937*

MY immediately preceding telegram.

The Turkish Minister for Foreign Affairs told me that he was taking soundings in order to ascertain whether it would be possible in pursuance of British example and in order to smooth out Italian Turkish relations, but without linking the subjects together or bargaining about them, for Turkey, on one hand, to announce unilaterally her decision to suppress her Legation at Addis Ababa (she does not wish or think it worth her while to establish a consulate there), and for Italy, on the other hand, to announce her adhesion to the Montreux Convention. He told me that Italy had already, without any step from her side, shown a disposition to adhere to the Montreux Convention, for while on his way from Geneva to Paris in December he had intercepted a telephone message from Count Ciano to the effect that he was considering sympathetically possibility of Italy adhering.

He asked whether, in my opinion, you would see any objection to this action if it could be brought about.

I replied that, *prima facie*, I thought you would approve of it, reminding him that the conversion of our Legation in Ethiopia into a consulate-general conveyed no *de jure* recognition of Italian conquest. As regards Italian adhesion to Montreux, I begged him to do nothing in Rome without close consultation with Sir E. Drummond. I revealed to him that in conversations over the conclusion of above agreement Sir E. Drummond had sounded Count Ciano on the subject of Italian adhesion to the new Straits Convention, and that the latter's reaction though not definite had actually been rather promising. It seemed, therefore, very necessary that if Turkish Ambassador were to take a hand in the matter, his action should in the first place be closely co-ordinated with Sir E. Drummond.

The Minister for Foreign Affairs expressed his gratitude at the matter having been raised by Sir E. Drummond and his conviction that this action had led to Count Ciano's telephone message to himself. He willingly concurred in my suggestion and would include this important point in any instructions sent to the Turkish Ambassador in Rome.

As regards point of time, I understand his Excellency's idea to be postulating the severance of the League connexion with Italian-Abyssinian question at the next Geneva meeting, the two declarations should follow that decision. Do you approve my language?

(Repeated to Rome.)

E 380/37/44] No. 12

Sir E. Drummond to Mr. Eden (*Received January* 18)

(No. 50 E.)

Sir, *Rome, January* 14, 1937

I HAVE the honour to report that a treaty of commerce and navigation was signed at Rome between the Italian and Turkish Governments on the 20th December last. Copies of the text in French are enclosed herein together with copies of a protocol and identical notes exchanged between my Turkish colleague and the Minister for Foreign Affairs in which it was agreed that the treaty should come into effect as from the 1st January 1937 without waiting for formal ratification.

2. In view of the terms of the provisional commercial agreements entered into by this country during the last few months it is interesting to note that this more formal and permanent instrument for the regulation of future trade and navigation is in general based on the principle of most favoured nation treatment. It is not at first sight easy to understand how this principle is to be reconciled with the present trade régime of the Italian Government, which is based on quotas and licences, and depends, in general, on a rigid system of foreign exchange control. It would formerly, for example, have been regarded as incompatible with most favoured nation treatment that a Government should grant privileges such as those embodied in the special treaty with Austria for the duty free importation of steel (see my despatch No. 58 E. of the 13th instant). Since, however, these seemingly contrary dispositions must have been known to the Turkish authorities it must be assumed that they are considered as covered by the limitations set forth in article 2 of the treaty and in the protocol.

3. Though the validity of the treaty is provisionally limited to eighteen months, it is evidently intended to be of a more permanent character, seeing that it deals with general principles and omits any reference to the details of foreign trade administration which enter so largely into the drafting of the recently concluded commercial agreements.

4. Simultaneously with the conclusion of this treaty provisional trade and payments agreements were signed between the two countries. Copies of the texts of these and my comments will be submitted in a further despatch.

5. Copies of this despatch are being sent to His Majesty's representative at Angora and to the Department of Overseas Trade.

I have &c.

ERIC DRUMMOND

Enclosure in No. 12

Traité de Commerce et de Navigation entre la République turque et le Royaume d'Italie

LE Gouvernement de la République turque et le Gouvernement italien, dans le but de régler les relations commerciales entre les deux pays, sont convenus de ce qui suit:

ARTICLE 1er

Les produits naturels ou fabriqués originaires de chacune des hautes parties contractantes à leur importation dans le territoire de l'autre haute partie contractante ne seront pas soumis à des droits, coefficients, taxes, surtaxes ou charges quelconques autres ou plus élevés que ceux qui sont ou seront appliqués aux produits similaires de tout autre pays.

A l'exportation vers l'Italie il ne sera perçu en Turquie et à l'exportation vers la Turquie il ne sera perçu en Italie, des droits de sortie ou taxes quelconques autres ou plus élevés que ceux qui sont ou seront perçus à l'exportation des mêmes produits vers tout autre pays.

ARTICLE 2

Le traitement sur le pied d'égalité avec un pays tiers s'étend à la caution et à la perception des droits à l'importation et à l'exportation, à la mise des marchandises dans les entrepôts des douanes, aux relevances et formalités douanières ainsi qu'au traitement et à l'expédition en douane des marchandises destinées à l'importation, à l'exportation ou au transit, aux modes de vérification et d'analyse des articles, à la classification et à l'interprétation des tarifs, tant à l'importation qu'à l'exportation temporaire et à la réexportation.

ARTICLE 3

Le traitement sur le pied d'égalité avec un tiers Etat prévu aux articles précédents ne sera pas applicable:

1. Aux privilèges, ordres ou qui pourraient être accordés ultérieurement par l'une des hautes parties contractantes aux pays limitrophes pour faciliter le trafic frontalier dans une zone qui ne dépasse pas de chaque côté de la frontière les 15 kilom.

2. Aux favours spéciaux résultant d'une union douanière, déjà conclue ou qui pourrait être conclue à l'avenir par l'une des hautes parties contractantes.

3. Aux avantages et favours spéciaux que l'Italie a accordés ou pourrait accorder à l'avenir à ses colonies ou possessions.

4. Aux avantages et favours spéciaux que la Turquie a accordés ou pourrait accorder à l'avenir aux territoires détachés de l'Empire ottoman en 1923.

ARTICLE 4

Les produits naturels ou fabriqués de l'une des hautes parties contractantes importés dans le territoire de l'autre après avoir transité par les territoires d'un ou plusieurs pays tiers ne seront pas soumis, à leur importation, à des droits de douane, taxes ou relevances autres ou plus élevés que s'ils avaient été importés directement de leurs pays d'origine. Cette disposition s'applique aussi bien aux marchandises en transit direct qu'aux marchandises transitant après transbordement, remballage ou entreposage.

ARTICLE 5

Le régime des payements relatifs aux transactions commerciales entre les deux pays ainsi que le régime de l'importation, pourront être réglés par des accords spéciaux.

Il est toutefois entendu que chacune des hautes parties contractantes se réserve de prohiber ou de restreindre l'importation, l'exportation et le transit des marchandises pouvant faire l'objet de transactions entre les deux pays dans les cas suivants et pour autant que ces prohibitions ou restrictions soient en même temps appliquées à tous les autres pays se trouvant dans des conditions identiques:

(*a*) Pour des raisons de sureté d'Etat et de sécurité publique.
(*b*) Pour des raisons de police sanitaire et vétérinaire et en vue de protéger les animaux et les plantes contre les maladies, les insectes et les parasites de toute espèce.
(*c*) Pour les approvisionnements de guerre et dans des circonstances extraordinaires.
(*d*) Par égard aux monopoles d'Etat actuellement en vigueur ou qui pourraient être établis à l'avenir.
(*e*) Afin de pouvoir étendre aux marchandises étrangères des prohibitions ou restrictions qui seront éventuellement fixées par la législation intérieure en ce qui concerne la production, le commerce, le transport et la consommation des marchandises nationales similaires à l'intérieur du pays.

Article 6

Les navires sur lest ou chargés portant le pavillon de l'une des deux hautes parties contractantes dans les eaux et ports de l'autre seront traités, soit à l'entrée, soit pendant leur séjour soit à la sortie sur le même pied que les navires nationaux sous les rapports des droits, taxes ou indemnités, quelle qu'en soit la nature ou dénomination, perçus au profit de l'État, des communes, des corporations, des fonctionnaires publics ou établissements quelconques. Le même traitement sera accordé en ce qui concerne le placement de ces navires, leur chargement et déchargement dans les ports rades, baies, bassins et docks, l'usage de toutes les installations et ouvrages et généralement toutes les formalités et dispositions quelconques auxquelles peuvent être soumis les navires, leurs équipages, leurs passagers et leurs cargaisons.

Il est toutefois entendu que l'égalité de traitement ne peut pas être invoquée vis-à-vis des facilités spéciales que chacune des hautes parties contractantes accorde ou accordera aux navires nationaux affectés au service de cabotage.

Tout privilège et toute franchise accordés, pour le traitement envisagé dans les alinéas précédents, aux navires d'une tierce puissance, leurs équipages, leurs passagers et leurs cargaisons par l'une des hautes parties contractantes, seront étendus de plein droit aux navires de l'autre haute partie contractante, leurs équipages, leurs passagers et leurs cargaisons.

Article 7

Les navires portant le pavillon de l'une des hautes parties contractantes qui entreront dans un port de l'autre haute partie contractante soit pour y compléter leur cargaison pour une destination étrangère quelconque soit pour y décharger tout ou partie de leur cargaison apportée de l'étranger pourront, en se conformant aux lois et règlements des pays respectifs, conserver à bord la partie de cette cargaison qui serait destinée à un autre port du même pays ou à un port étranger et la réexporter sans être tenus de payer pour cette dernière partie de leur cargaison aucun droit ou frais sauf les droits de surveillance, lesquels d'ailleurs ne pourront être perçus qu'au taux fixé pour la navigation nationale.

Article 8

En cas de naufrage échouement avarie en mer ou relâche forcée d'un navire de l'une des deux hautes parties contractantes dans les eaux de l'autre haute partie contractante le navire et sa cargaison jouiront des mêmes faveurs et immunités que les lois et règlements des pays respectifs accordent, dans les circonstances analogues aux navires nationaux.

Aide et assistance seront données dans la même mesure qu'aux nationaux au capitaine, à l'équipage et aux passagers tant pour eux mêmes que pour le navire et sa cargaison.

Les marchandises sauvées d'un bâtiment échoué ou naufragé ne seront assujetties à aucun des droits et taxes perçus à l'importation à moins qu'elles ne soient introduites dans le pays pour la consommation intérieure.

Article 9

La nationalité des navires sera, de part et d'autre, admise d'après les documents et certificats délivrés à cet effet, par les autorités des États respectifs, conformément aux lois et règlements de chaque pays.

Sauf le cas de vente judiciaire les navires de l'une des hautes parties contractantes ne pourront être nationalisés, dans l'autre haute partie contractante, sans une déclaration de retrait de pavillon délivrée par l'autorité de l'État dont ils relèvent.

Les certificats de jauge et autres documents relatifs à la jauge délivrés par l'une des hautes parties contractantes seront reconnus par l'autre haute partie contractante conformément aux arrangements spéciaux qui pourront être conclus entre les deux parties contractantes.

Jusqu'à la conclusion de ces arrangements, les navires de chacune des deux hautes parties contractantes ne seront pas assujettis dans les ports de l'autre haute partie contractante pour le payement des droits de navigation à aucune nouvelle opération de jaugeage la capacité nette de registre inscrite sur les papiers de bord étant considérée comme équivalente à la capacité nette résultant des méthodes de jaugeage appliquées aux navires nationaux.

Article 10

Les dispositions insérées dans les articles précédents concernant l'application du traitement national et de la nation la plus favorisée ne s'étendent pas

1. Au cabotage lequel continue à être régi par les lois qui sont ou seront en vigueur dans chacun des deux pays. En tout cas les navires italiens et turcs pourront passer d'un port de l'un des deux pays contractants dans un ou plusieurs ports du même pays soit pour y déposer tout ou partie de leur cargaison apportée de l'étranger soit pour y composer ou compléter leur chargement pour une destination étrangère
2. Aux encouragements accordés ou qui pourraient être accordés à la marine marchande nationale,
3. Aux concessions spéciales accordées aux sociétés de sport nautique et aux navires de plaisance,
4. Aux encouragements accordés par l'État à ses propres navires exploités en régie ou en participation
5. A l'exercice de la pêche dans les eaux territoriales des deux hautes parties contractantes sont réservés aux seuls navires dont les produits de la pêche tant en mer qu'à terre font l'objet
6. A l'exercice des services intérieurs des ports, des rades et des plages à l'exercice des services de sauvetage, d'assistance maritime ainsi qu'à l'exercice du pilotage et du remorquage.

Article 11

Toutes les marchandises quelles que soient leur nature et leur provenance dont l'importation le transit ou le séjour ne sont pas prohibés sur les territoires de l'une des deux hautes parties sont admises, si elles sont transportées par des navires nationaux pourront également y être importées, exportées passer en transit ou déposées par des navires de l'autre haute partie contractante.

Dans ces cas aucune prime ni aucun drawback ne pourront être accordés et les marchandises ne seront pas assujetties à d'autres droits ou taxes plus élevés ni à des restrictions plus gênantes que si elles étaient transportées par des navires nationaux.

La même disposition s'applique aussi pour les voyageurs qui s'embarquent dans des navires provenant de l'étranger ou qui s'embarquent sur les navires pour l'étranger. Dans ce dernier cas, les navires doivent observer les dispositions législatives qui ont été ou seront édictées pour les navires affectés au transport des voyageurs, par celle des hautes parties contractantes dans le territoire de laquelle se trouve le port d'embarquement.

Article 12

Le présent traité sera ratifié et les instruments de ratification seront échangés à Ankara le plus tôt possible. Il pourra néanmoins entrer en vigueur à titre provisoire par échange de notes à faire à Rome.

Ce traité aura la durée de dix huit mois à partir de la date de son entrée en vigueur provisoire.

Il sera renouvelé par tacite reconduction pour des périodes annuelles s'il n'est pas dénoncé avec un préavis de trois mois.

En foi de quoi les plénipotentiaires des hautes parties contractantes ont signé le présent traité.

Fait à Rome en double exemplaire le 20 décembre 1930.

Pour la Turquie	Pour l'Italie
HUSEYIN RAGIP BAYDUR	CIANO

Protocole additionnel au Traite de Commerce et de Navigation entre la Republique turque et le Royaume d'Italie

Au moment de proceder à la signature du Traité de Commerce et de Navigation entre la République turque et le Royaume d'Italie conclu en date de ce jour, les plénipotentiaires soussignés ont fait la déclaration suivante, qui doit former partie intégrante dudit traité

Ad *Article* 5 En raison de la situation économique actuelle, les deux parties contractantes se reconnaissent mutuellement la faculté en cas de nécessité d'apporter quelque changement au système qui règle actuellement l'importation des marchandises étrangères dans leurs marchés

Dans ce cas, les nouvelles mesures prises par l'une des hautes parties contractantes seront appliquées à l'autre en tenant compte de l'autre de façon à gêner le moins possible les relations commerciales entre les deux pays

Néanmoins, la haute partie qui s'estimerait lesée à la suite de tels changements aura la faculté de demander l'ouverture de nouvelles négociations et dans le cas où les conversations entamées à cet effet n'auraient pas abouti dans le délai d'un mois à partir de la date de la demande de dénoncer le présent traité, cette dénonciation devant porter ses effets dans un délai de trente jours

Le présent protocole ne fera pas l'objet d'une ratification séparée et sera considéré ratifié par les hautes parties contractantes par le fait de l'échange des instruments de ratification du traité auquel il se rapporte

Fait à Rome, le 29 décembre 1936

Pour la Turquie
HUSEYIN RAGIP BAYDUR

Pour l'Italie
CIANO

Exchange of Notes

(1)

L'Ambassadeur de Turquie à Rome au Ministre des Affaires etrangeres d'Italie

Rome, le 29 decembre 1936

M. le Ministre

Par la clause contenue dans l'article 12 du Traité de Commerce et de Navigation entre la République de Turquie et le Royaume d'Italie, signé à Rome en date de ce jour, le traité pourra être mis en vigueur avant sa ratification à titre provisoire moyennant un échange de notes.

J'ai l'honneur de porter à la connaissance de votre Excellence que le Gouvernement turc est d'accord de mettre en vigueur le traité susdit à partir du 1er janvier 1937

Veuillez, &c.
HUSEYIN RAGIP BAYDUR

(2)

Le Ministre des Affaires etrangeres d'Italie à l'Ambassadeur de Turquie à Rome

Rome, le 29 decembre 1936

M. l'Ambassadeur

Par la clause contenue dans l'article 12 du Traité de Commerce et de Navigation entre le Royaume d'Italie et la République de Turquie signé à Rome en date de ce jour, le traité pourra être mis en vigueur avant sa ratification à titre provisoire moyennant un échange de notes.

J'ai l'honneur de porter à la connaissance de votre Excellence que le Gouvernement italien est d'accord de mettre en vigueur le traité susdit à partir du 1er janvier 1937

Veuillez, &c.
CIANO

[E 381/37/44] No. 13.

Sir E. Drummond to Mr. Eden (*Received January* 18)

(No. 54 E.)

Rome, January 15, 1937

Sir,

WITH reference to my telegram No. 1, Saving, of the 1st January, and to my despatch No. 501 of the 14th instant, regarding the recent Italo-Turkish commercial negotiations, I have the honour to report that a Commercium and a Payments Agreement with Protocol were signed at Rome on the 29th December 1936, by the Turkish Ambassador and the Minister for Foreign Affairs. Copies of the texts in French of these three instruments are enclosed herein (1).

2. It will be seen that the Commercial Agreement sets forth in detail quotas to be allotted to each country subject only to alteration if after the 1st July next the Clearing Accounts of either country should fall into a sequestration to an amount in excess of 15 million Italian lire. In such a case the quotas would be automatically subject to revision. It will be noted also that shipments of each country are to be accompanied by a certificate of origin.

3. Unless denounced in consequence of failure to agree with regard to the establishment of new quotas in the circumstances explained in the preceding paragraph, the agreement will remain in force for the same period as the Treaty of Commerce and Navigation signed on the same date which forms the subject of my despatch No. 501 of the 14th instant, that is to say for eighteen months with the option of renewal.

4. The Payments Agreement approximates closely to the familiar model adopted for the lifting of sanctions for trade with the ex-sanctionist countries. A clearing is established which will take over the balances of the Clearing House Accounts laid down by the accord of the 4th April 1934. The new agreement comes into force on the same date as the Commercial Agreement above mentioned and will expire on the same date.

5. The additional protocol to the two agreements provides that they shall not apply to the trade exchanges between Turkey and the Italian colonies.

6. I am sending copies of this despatch to His Majesty's representative at Angora and to the Department of Overseas Trade.

I have &c.
ERIC DRUMMOND

(1) Not printed.

E 447 3/69] No. 14

Sir P. Loraine to Mr. Eden (*Received January* 20)

(No. 37.)

(Telegraphic)

Angora January 19, 1937

SANJAK

I have now some grounds for fearing that fire which Turkish press has been breathing has been inspired by President of the Republic himself, and I believe probably for first time in history of this republic, his Excellency has been called to order by his Government and his inclination to take the law into his own hands overruled by them. This then would explain both President's journey to Konia &c. the meeting at Eskisehir (see my telegram No. 8, part VI), and President's subsequent return to Angora "at the request of the Government." In these circumstances the euphemistic account of these presidential activities, given me by Minister for Foreign Affairs, is quite pardonable.

On this showing it is Government who will not risk British disapproval and the reputation they gained at Montreux for action within the law, and they have made their policy prevail.

This development is highly important and distinctly promising for the future Government of this country. At the same time it is all the more to be hoped that the results at Geneva will rapidly justify the wisdom, prudence and courage that the Government have shown.

Please repeat to Paris.

(Repeated to Geneva.)

(R 426 185, 22] No. 15

Sir P Loraine to Mr Eden (Received January 20)

(No 38.)
(Telegraphic) R *Angora, January 20, 1937*

MY telegram No. 28

Following communique published by Anatolian Agency, 19th January —

'In August 1936 Turkish Government granted leave of absence to their Charge d Affaires at Addis Ababa and requested Italian Government to be good enough to take charge of protection of Turkish citizens in Ethiopia Turkish Government have now officially informed Italian Government that while reserving to themselves the right if need be, to create a consulate at Addis Ababa they have decided to abolish definitely their Legation in that city and to pray the Italian Government kindly to continue to take charge of the protection of Turkish citizens in Ethiopia'

(Repeated to Geneva for Secretary of State)

(E 468 24 44 No 16

Sir P Loraine to Mr Eden (Received January 21)

(No. 27 E)
Sir *Angora, January 12 1937*

I HAVE the honour with reference to paragraph 7 of your circular despatch of the 4th November last to transmit to you herewith a table showing the principal countries exporting to and importing from Turkey during the first nine months of 1936

2 Imports into Turkey during the first nine months of 1936 amounted, in value, to £T 66 655 420 as against £T 67 900,577 during the corresponding period of 1935, whilst the value of exports was £T 64 190,853 as compared to £T 53 800,112 during the period January September of 1935 In considering the export totals it should be borne in mind that the Turkish export season is concentrated largely round the last four months of the year

3 As regards the attached table I regret that it is not possible to give the returns for a three monthly period, as monthly returns by country of origin and destination have not been issued for some two or three years, and the present statistics, for the first nine months of 1936 are the first that have been issued in this form since those for the complete year 1935 It is only on the basis of these two sets of returns that a comparison can be made of the trend of Turkey's overseas trade

4 The most striking feature of these returns is the commanding lead held by Germany in both imports and exports. In 1935 40 per cent of Turkey's imports came from Germany (value £T 35 5 million), and during the first nine months of 1936 this proportion had increased to 46 per cent (value £T 30 6 million) As regards Turkey s exports, Germany took 40 8 per cent in 1935 (value £T 39 2 million), and 49 5 per cent during the first nine months of 1936 (value £T 31 8 million) The position of Germany overshadows that of all other countries, not one of which has one quarter of her import or export trade and whilst the policy of Germany in buying Turkish produce at prices which other countries are unwilling to pay, continues there is little hope of a change in the present abnormal situation

5 The value of the United Kingdom s exports to Turkey fell from £T 8 7 million (9 8 per cent) in 1935 to £T 4 2 million (6 3 per cent) during the first nine months of 1936 This fall is not due to a lack of demand for United Kingdom goods but to the unwillingness of our manufacturers to wait a year or more for payment

6 The United States of America, which has no difficulty in obtaining payment, has risen to second place in the list of countries exporting to Turkey The marked fall in the position of Italy is due largely to the application of

sanctions, whilst the decline in French export trade is due to the abnormally long delays which French exporters are called upon to face.

7 I am sending a copy of this despatch to the Department of Overseas Trade

I have &c.
PERCY LORAINE.

Enclosure in No 16

Imports into Turkey

Imports from	1935 In £T millions	Percentage of total	Jan Sept 1936 In £T millions	Percentage of total
All countries	88 8		66 7	
Germany	35 5	40 0	30 6	46 0
United Kingdom	8 68	9 8	4 2	6 3
United States	6 18	6 9	6 77	10 1
Italy	5 67	6 4	0 25	0 4
U S S R	4 32	4 9	3 68	5 5
France	4 18	4 7	1 90	2 8
Czechoslovakia	3 85	4 3	2 82	4 2
Austria	2 91	3 3	2 07	3 1
Roumania	1 97	2 2	0 93	1 1
Japan	1 70	2 0	0 97	1 4

Exports from Turkey

Exports to				
All countries	95 9		64 2	
Germany	39 2	40 8	31 8	49 6
United States	9 65	10 0	5 72	9 1
Italy	9 40	9 9	1 96	3 0
United Kingdom	5 19	5 4	3 31	5 2
U S S R	4 15	4 3	2 33	3 6
Belgium	3 07	3 2	0 88	1 4
Czechoslovakia	3 64	3 2	3 09	4 8
France	3 04	3 2	2 58	4 0

(E 471/16, 44] No 17

Sir P Loraine to Mr Eden (Received January 21)

(No 34 E) *Angora, January 14, 1937.*
Sir,

1 HAVE the honour, with reference to my telegram No. 165 (paragraph 5) of the 23rd November 1936, to inform you that Sir Alexander Gibb and Mr H Beaver, of the firm of Sir Alexander Gibb and Partners, arrived in Istanbul on the 5th instant, accompanied by Mr G Crabbe

2 Sir Alexander was met on arrival by the commercial counsellor of His Majesty s Embassy and by representatives of the Turkofis, the Is Bankasi and the Istanbul Port Monopoly and he spent the greater part of the day inspecting the Port of Istanbul

3 Accompanied by Colonel Woods Sir Alexander Gibb and Mr Beaver left for Angora the same evening and during the period of their stay in the capital from the 6th 8th January they were in constant touch with Messrs Insaat Limited) I did myself whatever was possible to facilitate their contacts here and they thus had the opportunity of meeting the Ministers for Foreign Affairs Justice and Economy, and a number of senior Turkish officials

4 The immediate object of Sir Alexander Gibb s visit was to sign a contract the terms of which had already been initialled in London, with Messrs. Insaat

(Limited) by which Sir Alexander Gibb and Partners undertake to act as consulting engineers to the Turkish firm and to use their good offices with the object of forming an Anglo-Turkish Development Company with United Kingdom financial backing in order to participate in Turkish public works schemes. Messrs. Insaat (Limited) are a subsidiary of the Is Bankasi and, with the support of that bank and the participation of the leading Turkish public works contractors, they have been entrusted with a number of schemes upon which they desire to have the technical advice and assistance of Sir Alexander Gibb and Partners and, if possible, United Kingdom capital and material.

5. The schemes in the forefront of Messrs. Insaat's (Limited) programme are the following:

(i) *Port of Istanbul.* Construction of new quays and the repair and maintenance of existing quays. Economic and technical survey of the port as a preliminary to providing modern plant and installations.

(ii) Survey of railway from the Diyarbekir district to the Persian frontier at some point near Kazimpasa to link up the Turkish and Persian railway systems.

(iii) Survey of the Fregli-Zongul-lak district in order to determine:

(a) The best site for a port.

(b) The advisability or otherwise of completing the Fregli-Zongul-lak section of the line and whether this section, if completed, should be electrified.

(iv) Harbour at Trebizond.

(v) Golcuk naval dock.

(vi) Irrigation schemes.

6. The contract, a copy of which is attached (1), was signed on the 6th January and Sir Alexander Gibb left Angora the same evening. It is understood that members of his technical staff will come to Turkey in the near future on behalf of the firm.

7. The signature of this contract is, I venture to think, a most gratifying step in the development of our economic relations with Turkey, particularly since a strong effort was made by German interests to secure the appointment of a German consulting engineer to Messrs. Insaat (Limited). The nomination of of Sir Alexander Gibb and Partners cannot fail to result in predisposing the Turkish Government in favour of United Kingdom materials and industrial participation in general.

8. I understand that Sir Alexander Gibb and his companion were particularly gratified and indeed not a little astonished at the cordiality of the welcome extended to them in Turkish circles and by the personal interest displayed in their visit by Turkish Cabinet Ministers.

9. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

(1) Not printed.

(E 510 141 44) No. 18

British Delegation, Geneva, to Sir R. Vansittart. (*Received January 23.*)

(No. 6. L.N.)
(Telegraphic.) *Geneva, January 21, 1937.*

FOLLOWING from Secretary of State:

In the course of a conversation this morning, a record of which goes by bag, Roumanian Minister for Foreign Affairs told me he had been told in confidence by M. Aras that it was his intention to go to Italy at the conclusion of present session of the Council in order to meet Count Ciano and to discuss with him signature of Montreux Convention. M. Aras had mentioned that instead of meeting Count Ciano, for example, at Venice on his way through Italy he proposed to go out of his way to meet him at Genoa.

Roumanian Minister for Foreign Affairs regarded this as an unwise step and had tried to dissuade M. Aras.

"Later in the day I asked M. Aras about this and his plans.

"Italian Ambassador at Angora had a few days ago intimated to him that Italy was ready to accede to Montreux Convention and out of this conversation there had emerged the idea of a meeting between M. Aras and Count Ciano for the purpose of carrying out the formalities of signature. M. Aras had said that he would be quite ready to meet Count Ciano on his way back from Geneva, and in order not to put Count Ciano to too much trouble he was prepared to go to Genoa to meet him.

"I said it had been suggested in certain quarters that M. Aras's intention in staging this meeting was to bring pressure on French by demonstrating an amelioration in his relations with Italy. If I might speak to him as a friend I would suggest that he would not in the long run gain anything by teasing the French and it seemed to me that if he were to meet Count Ciano at Genoa without having first reached an agreement at Geneva the worst possible impression might be created.

"M. Aras assured me that any such idea had been completely absent from his mind and he was most anxious to do nothing of which I would not approve. Maintenance of best possible relations with Great Britain was the cornerstone of his policy. He was perfectly well aware that it was the result of our action in Rome that Italians had decided to accede to Montreux Convention and he was quite ready to make it known that he realised this. He had always had in mind that a settlement of the Alexandretta problem would be reached at this Council and his visit to Genoa was only intended to follow such agreement. I thanked M. Aras for this assurance.

(Repeated to Angora, Bucharest and Rome.)

E 637 141 44 No. 19

Sir R. Vansittart (for the Secretary of State) to Sir P. Loraine (Angora).

(No. 21.)
(Telegraphic.) *Foreign Office, January 28, 1937.*

YOUR telegram No. 50 of 25th January. German reservations regarding Montreux Convention.

Counsellor of Turkish Embassy asked on 26th January for information about exchange of views which had taken place between His Majesty's Government and German Government regarding Montreux Convention. He explained that German Ambassador in Turkey had recently made communication which, though couched in friendly terms, reserved all Germany's rights in reference to convention and referred to the reservations made by the German Government in London. German Ambassador had also mentioned belief of German Government that Soviet naval forces would now be better placed than before for concentrating in Baltic or for joining French fleet in Mediterranean.

2. Counsellor was given in reply full outline of German representations of 7th September and of our replies of 28th October and 15th December (see my despatches No. 477 of 18th September and No. 543 of 7th November, 1936, and No. 13 of 6th January, 1937).

3. He was also told that German case seemed weak so long as Turkey interpreted convention impartially and maintained an independent position. If, however, Turkey were to conclude a mutual assistance pact with any interested Power or even an agreement which might seem to place her under an obligation to stretch terms of convention in favour of any particular country, German case would gain greatly in force. Present German move showed that advice which His Majesty's Government had recently given Turkish Government with regard to proposed understanding with the Soviet Government regarding the passage of the Straits had been sound.

(E 812/141/44) No. 20

Sir P Loraine to Mr Eden -(*Received February* 6.)

(No. 58. Most Secret.)
(Telegraphic.) *Angora, February* 6, 1937

YOUR telegram No. 21

I have positive information that German Government do not intend to confine themselves to platonic protests as regards Montreux Convention and are resolved at some favourable moment to insist on reconsideration of the whole question of the Straits and to safeguard German interests by means of a new treaty.

I am sending documentary evidence by next bag in a letter to Sir J. Oliphant.

(Repeated to Berlin.)

(E 811 141 44) No. 21

Sir R Campbell to Mr Eden (*Received February* 6.)

(No. 16.)
(Telegraphic.) *Belgrade, February* 6, 1937

TURKISH Minister for Foreign Affairs who is spending a few days incognito in Belgrade on his way back from Milan asked me yesterday evening to call on him so that he might send you an early account in outline of what had passed.

Count Ciano said M. Aras had declared that Italy realising that Turkey had done no more than her duty during sanctions period wished to let bygones be bygones and make friends with her as she was doing with other Mediterranean Powers. He had spoken enthusiastically of gentlemen's agreement and thought there should be no difficulty in effecting a sincere reconciliation with a Power (Turkey) whose own relations with Great Britain were so close. He was hoping to do the same with Yugoslavia and Greece. As to France there were at the moment certain causes of friction but they would pass. With Turkey there could be no real source of discord and he hoped Turco-Italian Treaty of 1928 would henceforward find its full expression. In particular, Turkey need have no qualms over Italian fortification of the Dodecanese. It was not directed against her, but was merely to protect the route to Abyssinia.

When having in mind Italian policy towards Yugoslavia I asked M. Aras whether Count Ciano had talked of an alliance he paused perceptibly before replying with an indirect negative.

As regards the Montreux Convention Count Ciano, continued M. Aras, had said that Italy's accession could be regarded as acquired and that she would be prepared to make appropriate application as soon as the Abyssinian situation had been regularised by the League or earlier if the Turkish Government would make some declaration (if only to the press) such as would facilitate matters. There were only two conditions that must be attached:

(1) Italy must be on a footing of equality with the other signatories.
(2) Pending her return to full co-operation in the League she must make a reservation similar to that made by Japan. The first of these conditions, observed M. Aras, was met by the terms of the convention, the second presented no difficulty.

In the matter of Spain Count Ciano while defending Italy's action in sending volunteers on the score that her original suggestion had not been followed, had declared himself most anxious to see the present situation cleared up as soon as possible and Spain left to settle her own affairs. He had added, however that Italy would regard the establishment of an independent republic in Catalonia as a modification of the *status quo* in the terms of the gentlemen's agreement.

M. Aras concluded by saying that Count Ciano had discussed matters without any circumlocution in a way that had impressed him as sincere. As a testimony to this, he said that when Count Ciano had begged him to believe that Germany was animated with the best intentions towards Turkey and he had asked whether Italy would wish Turkey who was already on good terms with Germany to go so far as to [? assist] her in obtaining a footing in the Mediterranean, Count Ciano had replied "No, that is the last thing we want."

After begging me to send you the above outline at once and saying that he would give further details to Sir P. Loraine, M. Aras asked me to tell you that he had been "très prudent."

(Repeated to Angora and Rome.)

(E 824 188/44) No. 22

Sir P Loraine to Mr Eden – (*Received February* 8.)

(No. 63.)
Sir, *Angora, January* 29, 1937

I HAVE read with great interest the record you were so good as to send me in your telegram No. 14 (League of Nations series) from Geneva of the 26th January of the observations made to you by Dr. T. R. Aras, in an atmosphere of cordiality, in connexion with Dr. Schacht's visit to Angora in November last.

2. It will doubtless be within your recollection that a substantially similar account of the language held at that time to Dr. Schacht by the President of the Republic and by Dr. Aras himself was given to me by the latter and reported to you in my telegrams Nos. 168, 172 and 175.

3. As regards the first from, the present recollection retained by the President of the Republic of his association with German generals during the war, I am able to confirm at first hand the impression that you derived from Dr. Aras's observations.

4. During King Edward's visit to Turkey last September His Majesty, on the day of his arrival and after exchanging informal visits with the President of the Republic, invited his Excellency and several other prominent Turks to a cocktail party in the s.y. *Victoria and Albert* before dinner. During this entertainment which I may add was highly appreciated by His Majesty's Turkish guests, I found myself sitting in a group on the quarter deck of the yacht formed by King Edward, the President of the Republic and the Turkish Minister for Foreign Affairs which was subsequently joined by the Turkish President of the Council.

5. M. Ataturk, who was in the best of humours, was persuaded to recount some of his own military experiences, not only in the Great War but also during the Italo-Turkish war of 1911 and they were of great interest. His Excellency said quite frankly that he had never been able to get on with the German generals whose military ability moreover he did not appear to entertain a very high opinion and he narrated one or two incidents that had occurred between himself and highly placed German officers as illustrating his point.

6. On the same occasion he made a remark, which it may be of interest to record, that on the day of Turkey's entry into the war on the side of Germany he had formed and freely expressed the opinion, from which later on he never wavered, that Germany was unlikely to win the war but that, whether she won it or lost it, it was absolutely certain that Turkey would be a loser.

7. I feel myself convinced that the idea that any Powers who range themselves in hostility against the camp supported by the British Empire are foredoomed to ultimate defeat emanates from M. Ataturk himself. That is the "lesson" learnt by Turkey in the war and to which Dr. Aras referred in his conversation with Dr. Schacht. It is the digestion of that "lesson" which, I am equally persuaded, lay behind the personal appeal made to me, in such unusual circumstances and surroundings of place and time, by M. Ataturk in June 1934 during the Shah of Persia's State visit to Angora.

8. I have had it recently on the authority of one of M. Ataturk's most intimate friends and companions that his Excellency had been revolving this conversion of policy to one of firm friendship with England for some time prior to that occasion, that he was dissatisfied with the negative results obtained from previous tentative soundings taken by his Ministers in British quarters, and interpreted the British reactions as being deliberately evasive, and as indicating a lack of appreciation of the value of Turkish friendship which he regretted but did not resent, that he therefore took the matter into his own hands and acted as I had the honour to inform Sir John Simon at the time, without consulting his

Cabinet The developments of the succeeding years bear striking witness to the results achieved by his initiative.

9. It may, I think, be safely predicted that, at least during the lifetime of M Kamâl Atatürk and so long as he is the inspiration of Turkish policy, Turkey will never again allow herself to be dragged in the political wake of Germany

10 I may perhaps add one more distinct impression I have formed that just as M Atatürk's *a priori* attitude towards Germans is one of indifference bordering on dislike, so his *a priori* attitude towards Englishmen is one of liking

I have &c
PERCY LORAINE

E 882 141 44 No 23

Sir E. Drummond to Mr Eden (Received February 8)

(No 118)
Sir *Rome February 5 1937*

WITH reference to my telegram No 22 Saving of the 4th February and to previous telegrams regarding the meeting between the Italian and Turkish Ministers for Foreign Affairs at Milan, I have the honour to inform you that this meeting took place as stated on the 3rd February On that day Count Ciano and Dr Aras held two separate conversations, and Count Ciano left for Rome the same evening

2 The communiqué issued on the 4th February and the press account of their conversations fully bear out Count Ciano's statement to Mr Ingram reported in the latter's telegram No 65 of the 28th January that the discussions were to be of a somewhat general and inconclusive character I enclose a translation of the communiqué which states that the two Ministers held a full exchange of views and examined the various questions of interest to the two countries in particular the Montreux Convention and the position of Italy and Turkey in the Eastern Mediterranean as well as certain general questions in the spirit of the Italo-Turkish Treaty of 1928 The result of the conversations confirmed the communiqué, was to demonstrate that there were no questions separating Italy and Turkey and the two Ministers decided to remain in touch with each other through the diplomatic channel in order to put into practical effect the results of the conversations

3 The tendency of press comment has been indicated in my Saving telegrams Nos 19 and 22 of the 2nd and 4th February and to the indications therein given I have little to add I should doubt however whether the hints appearing in some newspapers regarding the possibility of Turkey taking up a definitely anti-Russian position have any foundation in the policy or even the hopes, of the Italian Government

4 I hope to see Count Ciano shortly and will then endeavour to obtain further confirmation about the meeting

I have &c
ERIC DRUMMOND

P S.—I am sending a copy of this despatch and enclosure to His Majesty's Ambassador at Angora

E D

Enclosure in No 23.

Communiqué

(Translation)

THE Minister for Foreign Affairs of Italy Count Ciano and the Minister for Foreign Affairs of Turkey Rüşdü Aras met to-day at Milan and held a full exchange of ideas in the course of which they proceeded in the spirit of the Italo-Turkish Treaty of the 30th May 1928, to an examination of the various questions of interest to the two countries and also questions of a general character with special reference to the Montreux Convention for the Regime of the Straits and to the position of the two countries in the Eastern Mediterranean

From this friendly and detailed examination and exchange of views it appeared in clear terms that no question divides Italy and Turkey, and that there is no reason for any sentiments to exist in the relations between the two countries but those of reciprocal confidence Further it appeared that the two Governments desired to co-operate and recognised the utility of co-operation, in the interest of Italo-Turkish relations and with the general object of creating peace and stability With this end in view the two Ministers for Foreign Affairs agreed to continue to keep in touch through the normal channel of their respective diplomatic Chanceries, in order to render practically effective the outcome of the exchange of ideas to which they had proceeded

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E 687 141/44 No 24

Viscount Halifax to Sir P Loraine (Angora)

No 74)
Sir *Foreign Office February 9 1937*

IN confirmation of my telegram No 21 of the 28th January regarding the reservations made by the German Government in respect of the Montreux Convention, I have to inform your Excellency that the counsellor of the Turkish Embassy called at the Foreign Office on the 29th January and stated that the Turkish Ambassador had received instructions to make enquiries concerning the references to the Montreux Convention which were understood to have been made by the German Government in the course of the Anglo-German naval negotiations last autumn

2 M Örs explained that the German Ambassador in Turkey had recently made a communication to the Turkish Government which though couched in friendly terms, asserted Germany's rights with reference to the convention and referred to the reservations on this same point which had been made by the German Government in the course of the negotiations for an Anglo-German naval agreement The Turkish Minister for Foreign Affairs was in consequence desirous of receiving the fullest possible information regarding the communications which had passed in London before replying to the German Ambassador's communication In reply to enquiries M Örs indicated that the Turkish Ambassador had no detailed information in regard to the nature of the reservations communicated to the Turkish Government The telegram from the Ministry for Foreign Affairs merely referred to the belief of the German Government that the Soviet naval forces would now be better placed than before for effecting a concentration in the Baltic or for joining with the French fleet in the Mediterranean

3 M Örs was informed that His Majesty's Government would naturally be ready to give the Turkish Government as full information as was possible, particularly as the German Government had themselves referred to the communication made by their Embassy in London He was then given a full outline of the representations made by Prince von Bismarck in his interview with Sir Robert Craigie on the 7th September of the Foreign Office aide-mémoire of the 28th October and of the memorandum communicated to the counsellor of the German Embassy (in reply to certain supplementary observations on this subject made by the German Government in a memorandum on the naval question which was communicated to the Foreign Office on the 5th October) on the 15th December (see my despatches Nos 477 of the 18th September and 543 of the 7th November 1936 and No 13 of the 6th January 1937)

4 M Örs was also informed that the German case seemed to His Majesty's Government to be weak so long as Turkey operated the provisions of the Montreux Convention fairly and impartially and maintained an independent position If, however Turkey were to conclude a mutual assistance pact with any interested Power or even an agreement which might appear to place her under an obligation to stretch the terms of the Montreux Convention in favour of any one Power at the expense of another then the German criticism of the convention and its effects would gain greatly in force It was for this reason that when the Turkish Government had been good enough to consult His Majesty's Government about certain arrangements which they were thinking of concluding with the Soviet Government in relation to the passage of the Straits His Majesty's Government had strongly advised the Turkish Government to refrain in their own interests.

from taking any action of the kind The persistent German objections to the Montreux Convention only served to prove that the advice of His Majesty's Government had been sound

5. A copy of this despatch is being sent to His Majesty's Ambassador at Berlin

I am &c
HALIFAX

E 894 141 44 No 25

M Scapoulos to M Eden —(Received February 15)

Sir *Greek Legation, London, February 8 1937*

FOLLOWING instructions received from my Government, I have the honour to inform you that in view of the fact that on the 6th November, 1936, the Convention signed at Montreux regarding the regime of the Straits determined the time-limit for the Greek Government have now occupied the Islands of Lemnos and Samothrake with military forces

I have &c
CH SIMOLOULOS

J 638 68 16 No 26

Sir P Loraine to Viscount Halifax (Received February 11)

(No 62 Confidential)
(Telegraphic) *Angora February 10 1937*

TURKISH Minister for Foreign Affairs has been approached by Egyptian Minister here in regard to Turkish attitude towards admission of Egypt into the League of Nations Egyptian Minister was told that Turkey's support was assured and that whatever Egypt might desire was welcome to Turkish Government and that were it to come about Turkish delegates at Geneva would very likely take opportunity of expressing their satisfaction and fraternal feeling

Egyptian Minister after expressing suitable thanks, went on to express hope that besides this Turkey would busy herself with canvassing signatures to an invitation from members of the Assembly to Egypt to join the League

Non committal answer was returned to this the reason being that Turkey, though very well disposed towards Egypt does not wish to move in this manner except in consultation and agreement with His Majesty's Government

Please tell me at your early convenience whether I may use my discretion to explain position in this regard as shown in telegraphic correspondence with Sir M Lampson, beginning with your telegram No 56 Saving, and ending with your telegram No 9, and also whether there is anything I should add to that

(Repeated to Cairo)

E 993 141 44 No 27

Sir P Loraine to Viscount Halifax (Received February 16)

(No 6 Saving Confidential)
(Telegraphic) *Angora February 10 1937*

YESTERDAY evening Turkish Minister for Foreign Affairs gave me a detailed account which he had promised Mr Eden to send through me, in order to complete information that he had given Sir R Campbell (see Belgrade telegram No 15), of his meeting at Milan with Count Ciano

2 Generally speaking he had kept carefully within the advice given to him by Mr Eden in Geneva

3. He explained that the general wish he had expressed to M Bova Scoppa in Geneva in December, to have the pleasure of making Count Ciano's acquaintance at some League meeting had been taken up and construed by the Italians

as a request to see Italian Minister for Foreign Affairs When it was explained that Count Ciano would meet him half way in Northern Italy, he saw no good reason for rejecting this construction, although he still intended merely a quite informal meeting, as, however, date of meeting approached the various arrangements notified to him became daily more ponderous and more ceremonious He did not relish this but could not demur without appearing ungrateful and ungracious. Apart from this he had genuinely appreciated regard and cordiality shown him, while Count Ciano's friendly demeanour and frank speech had immediately facilitated conversations and mutual comprehension

4 On all points there is a good deal to be added to Sir R Campbell's report

5 In reply to my pointed question Minister for Foreign Affairs said explicitly that no suggestion had been made by Count Ciano of any fresh Italian Turkish instrument or of any documentary basis for Turco-Italian relations other than treaty of 1928

6 Count Ciano enquired whether Turkey would accept a reduction of armaments Minister for Foreign Affairs replied "A reduction, not a limitation by general agreement. Yes" Count Ciano said that Italy was of a similar view He recalled Signor Mussolini's earlier proposals in this direction and regretted they had not been rendered effective

7 Count Ciano enquired whether Turkish army was stronger than that of Yugoslavia and what was its mobilisable strength Minister for Foreign Affairs replied Yes thirty divisions He added amongst minor Mediterranean Powers Turkish navy was becoming about the best and most efficient. They had six submarines in commission six ordered and their full programme was twenty Count Ciano said that Italy had 120 and her programme was 200

8 Minister for Foreign Affairs infers from this that Italian naval construction programme is of a defensive character merely but that it may also be designed to threaten the French communication with North Africa)

9 Minister for Foreign Affairs continued Sir R Campbell's report about Montreux Conference But I gathered from him as I had suspected that Count Ciano had made a pretty determined effort to bracket it with Turkish recognition *de jure* of Italian African Empire He accepted, however, Minister for Foreign Affairs' definite statement that this could not be done and that matter was one in which Turkey could not take isolated action He then pleaded nevertheless, that Turkish Minister for Foreign Affairs should cause some statement to be made in Turkish newspaper to do so to the effect that *de facto* recognition afforded by suppression of Turkish Legation at Addis Ababa was virtually equivalent to *de jure* recognition Minister for Foreign Affairs did not commit himself, but promised to think it over

10 (I think in his desire to clinch Italian adhesion to Montreux the Minister for Foreign Affairs must have nibbled at this idea) However that may be he was anxious to know my views I pointed out that Count Ciano's suggestion seemed specious what was true was that suppression of Turkish Legation was the virtual equivalent of recognition of *de facto* recognition but it was absurd to talk of *de facto* recognition being the virtual equivalent of *de jure* recognition The distinction between the two forms of recognition was perfectly clear and logical, it was one of principle and it lay at the root of certain aspects of international relations it would in my opinion, be most inadvisable and indeed dangerous to connive at any tampering with it We had certainly made it quite plain in Rome that conversion of His Majesty's Legation into a consulate general did not imply and could not be construed as *recognition* I think I convinced him Anyway he said "Then Italian adhesion will probably have to wait"

11 Furthermore Count Ciano asked Dr Aras what was the character of the treaty which according to his reports Turkey had concluded with the United Kingdom Minister for Foreign Affairs replied that there was no such treaty, but that Turkey had something which was far preferable and actually more reliable and that was complete reciprocal confidence

12 Dr Aras told Count Ciano that Mr Eden was pleased with Anglo Italian Agreement and felt sure that good work had been done British opinion however was not as yet following him Dr Aras therefore thought Italy had a great interest especially in view of Count Ciano's emphatically expressed desire for closely synchronised and friendliest relations with United Kingdom in applying the agreement in a manner that would convince British public

opinion of its benefits and indicate Mr Eden's great wisdom in concluding it Count Ciano appreciated the force of this recommendation and said he would do his best.

13. Count Ciano mentioned Spain as a grave danger point. Italians and Germans were killing French and Russians and *vice versa*. Could this quarrel be prevented from spreading? If not, there might be a disaster. Turkish Minister for Foreign Affairs (who in reply stressed importance of Italy's eventual attitude towards an independent republic in Catalonia, as reported by Sir R. Campbell) suggested the only way to avoid that disaster was to seek a solution through agency of Non Intervention Committee in London action of which he begged Count Ciano to assist and stimulate as much as he could. Count Ciano agreed but complained of earlier delays and obstructions. Count Ciano complained that fear of a Fascist Spain had been greatly exaggerated.

14. Dr Aras was rather astonished at insistence with which Count Ciano stressed real friendliness of German feeling towards Turkey. He surmises some connexion with General Goring's recent visit to Italy. Count Ciano said he had definite assurances from Berlin that Germany had no intention of intervening in Mediterranean; that a frank and sincere exchange of views with Germans resulting in much improved mutual comprehension had removed from Italian-German relations the sting and sources of friction hitherto represented by Austria.

15. While urging (as reported by Sir R. Campbell) that there was now nothing to prevent resumption of exuberant friendship between Italy and Turkey and dwelling on the harmlessness of the Dodecanese from Turkey's point of view Count Ciano admitted candidly that Italian preparations for conquest of Ethiopia were begun years ago and fortification of Leros undertaken for the express purpose of guarding Italian sea communications with her future East African possessions. Dr Aras said he hoped Italy had learnt in the process that a fortified Dodecanese would not put contraband Asia Minor much out of its stride in any case.

16. Count Ciano tackled hurriedly enough and perspicuously about Turkish relations with Russia with obvious desire to ascertain whether and how far Turkey was bound to Russia. He deplored growing menace of bolshevism and danger of it spreading into the Mediterranean.

17. Dr Aras said that Turkey had nothing in common with communism but she definitely preferred the Soviet regime in Russia. The Soviets had made peace and friends with Turkey. The Tsarist regime had been hostile and had coveted Turkish territory. At Montreux Turkey had recovered part of her independence in the Straits. If anyone thought she was going to use that independence to become a pawn in policy of Russia or any other State or a base of operations for or against Russia they were vastly mistaken. If Russia were engaged in war Turkey would either be a neutral or a belligerent on Russia's side. As regards political ideologies, Turkey would try to prevent a Black Sea contamination from spreading to the Mediterranean or a Mediterranean contamination from spreading to the Black Sea. Moreover, referring to Count Ciano's statement that Italy did not wish Germany to have a footing in the Mediterranean, so he said Turkey did not wish there to be any fresh factors in the Black Sea. In either case there would be an undesirable rupture of equilibrium.

18. (Dr Aras interprets this part of the conversation as a feeler to see whether Turkey could be detached from friendship with Soviet Russia, and even maybe whether she could be brought over to anti Komintern front. He thinks that Count Ciano by tacitly acquiescing in his definition of Russo-Turkish relations will accept the situation as such and also the fact that Turkish relations with Russia are not a bar to friendly relations between Italy and Turkey. He nevertheless thought it advisable to enter an indirect caveat against any German penetration into the Ukraine.)

19. As regards the Balkans Count Ciano expressed wish of the Italian Government to resume friendliest relations not only with Turkey but also with her three Balkan friends. He also expressed opinion (a little startling, perhaps in the mouth of Signor Mussolini's son in law) that it would be inviting calamity to alter any of the Balkan frontiers by even 1 metre. Dr Aras expressed suitable gratification and enquired what in that case was the Italian view about Hungarian revisionism. Count Ciano replied with an astonishing phrase to the

effect that "revisionism is a theoretical conception, the application of which at an opportune moment must depend on the practical realities"! He went on to say as between Hungary and Roumania perhaps satisfaction might be found for the former, without territorial changes, in direction of guarantees for the minorities, &c., and that there was quite a possibility of reconciling Hungary with Yugoslavia without territorial changes. Dr Aras did not fail to remark on the significance of silence about Czechoslovakia, but he told me he thought it better to leave that possibly eloquent silence undisturbed, for whatever Count Ciano's response to an enquiry might have been his own comment or absence thereof could hardly have failed to compromise someone or something.

20. (I deduce from this, and Dr Aras agrees, that Italy now abandons any championship of Bulgarian revision sic for the sake of friendly relations with Balkan *Entente*, especially Turkey and Yugoslavia, that Italy, having hitherto regarded Balkan *Entente* as directed against herself now accepts it as a fact and sees in it a possible asset to Italian policy, that (just possibly a part of Italian German bargain may be that Italy leaves Germany a free hand as regards Czechoslovakia in return for agreement about Austria and Germany's renunciation of Mediterranean ambitions. One must also suppose, *testibus* Sir G. Knox and Sir R. Hoare that Count Ciano is badly informed and optimistic or wilfully misleading about possibilities of Hungaro Roumanian reconciliation.)

21. As regards France Count Ciano said that there was no serious difference but that although one could always slap a lion, one could not always catch a mosquito and French mosquito bites were intensely irritating, and that French avarice often outran French prudence.

22. He returned to Dr Aras that since the Ethiopian conquest Italy had joined the ranks of satisfied Powers.

23. He emphasised that the keynote of German policy as well as that of Italy was maintenance of the best possible relations with the United Kingdom. That as regards recent colonial aspirations he believed the Germans would be content with Tanganyika and De Chambrun's (I seem to remember that Tanganyika must have been added in the last two or three months.)

24. Dr Aras senses that part of the Italo-German understanding is to co-operate generally in limiting scope of Russian political influence in Europe and that this would account for Italy adhering to German-Japanese Agreement which nevertheless works on parallel lines in its "defensive" war against Komintern.

(Repeated Saving to Rome, Berlin and Belgrade.)

E 811/141/44] No. 28

Viscount Halifax to Sir P. Loraine (Angora)

(No. 33)
(Telegraphic) *Foreign Office February* 16, 1937

BELGRADE telegram No. 16 of 6th February. Italian adherence to Montreux Convention.

Reservations to international agreements must be accepted either explicitly or implicitly by the other parties. When such reservations are made at time of signature as in case of Japanese reservation to Montreux Convention they are relatively unobjectionable. But a reservation made subsequently upon ratification or accession places other parties in a difficult position since if reservation is unacceptable they must make a formal protest or counter-reservation. If they do not explicitly object they may be deemed to have accepted.

2. It is therefore most desirable that other parties to Montreux Convention should have unofficial opportunity of considering terms of Italian reservation in advance of its official formulation. Otherwise some of them might be obligated to raise formal objection or to state that pending clarification they could not regard adherence of Italy as operative. His Majesty's Government would deeply regret it if such a situation were to arise.

3. Furthermore, Italian reservation cannot obviously be precisely similar to that of Japan, since Japan was not a member of the League of Nations, and Italy whatever her attitude as regards co-operation, is legally still a member. Japanese reservation was, indeed, made on the basis of her non-membership, and but for this would have had little *raison d'être* as justification.

4. Japanese reservation falls into two parts: the reservation concerning the League, and the reservation concerning the position under mutual assistance pacts concluded within the framework of the League.

5. As regards first: His Majesty's Government could not accept an Italian reservation which amounted to a repudiation of League obligations, although they might possibly not feel obliged to protest if reservation consisted of some anodyne statement to the effect that in any matters relating to the League Italy must reserve her position.

6. Question of mutual assistance pacts is even more difficult. While the Japanese reservation in regard to the League was in the circumstances natural and inevitable considerable difficulty was felt at the time in accepting their reservation concerning article 19 which is really pivot of convention. It was only felt possible to do so because Japan is relatively remote from the Straits. But position of Italy is quite different, and it might be difficult for any of parties to accept an Italian reservation about article 19. (Secret Italian Government would no doubt feel even more strongly about this than His Majesty's Government.)

7. Please place these considerations before Turkish Government in whatever manner you think best, and urge that they should discuss them with French Government (as keepers of convention) and Italian Government.

8. Before sending similar instructions to His Majesty's Ambassador at Rome I shall be glad if you will ascertain from M. Aras whether Italians are aware that he is discussing the matter with us.

(Addressed to Angora No. 33. Repeated to Rome No. 53 and Paris No. 28. Saving. Copy by bag to Tokio, Moscow, Sofia, Bucharest, Belgrade and Athens.)

E 996/141/44] No. 29

Sir E. Drummond to Mr. Eden.—(Received February 17.)

(No. 137.)

Rome, February 12, 1937.

Sir,

WITH reference to my despatch No. 148 of the 5th February, I have the honour to inform you that the Turkish Ambassador called on the 9th February and gave me a very full account of what had passed in the conversations between the Turkish and Italian Ministers for Foreign Affairs at Milan.

2. As stated in my despatch, there were two conversations: the first in the morning, when European politics had been treated, and the second in the afternoon, limited to the discussion of local questions, such for instance, as the position of religious communities in Turkey.

3. In the morning, his Excellency said, the first question that had been discussed was that of Spain. Count Ciano had remarked that he believed that the international acuteness of the Spanish problem had greatly diminished, although it was still delicate. He was anxious that an agreement should be reached regarding Spain between the Great Powers particularly interested in the Mediterranean, since this was done the dangers would be very much less. Ultimately he thought that General Franco would be successful though it might take a considerable time. He disclaimed any idea that Italy wished to obtain advantages from the help which she was giving to the National Government. It was true that the Italians were in favour of Spanish nationalism but they also realised that once this nationalism had proved successful it was not likely that it would be prepared in any way to surrender Spanish rights to a foreign Power, in fact Nationalist Spain might well have conflicting interests with Nationalist Italy. He also observed that in his view the setting up of a Catalonian Republic would be contrary to the *status quo* as defined in the gentleman's agreement. I replied that on this point I did not share Count Ciano's interpretation and indeed I reminded the Ambassador that you had already expressed a different opinion in your speech in the House of Commons

on the 19th January. From later remarks of the Ambassador I gathered that Count Ciano's argument was that a separate Catalan Communist Republic would be under the orders, if not the protection, of Moscow, and, therefore, an extraneous Power would be introduced into the Mediterranean and the *status quo* altered accordingly.

4. The conversation at Milan had next turned to the Mediterranean proper.

5. Count Ciano had shown great satisfaction at the conclusion of the Mediterranean Agreement with Great Britain. The Turkish Minister for Foreign Affairs said that he too had been delighted with this agreement, because it practically guaranteed the existing *status quo* in the Mediterranean. Here I interpolated that neither Italy nor Great Britain had assumed any guarantee, we had simply both stated that our policy was a maintenance of the *status quo*. The Ambassador accepted this explanation but remarked that it made little difference because Italy had been the only Power which might be considered as likely to disturb the existing state of affairs.

6. Italo-Turkish relations had then been discussed and the conclusion reached that there was no reason why these relations should not henceforth become friendly and indeed intimate. Count Ciano had said that he had no objection to the Turkish fortification of the Straits and the Turkish Minister for Foreign Affairs had replied that he had now no objection to the fortification of Leros. The Ambassador added to me on his own account that since the Straits were fortified Leros became of little import, so far as Turkey was concerned.

7. His Excellency gave me the same account of what had passed with regard to the Montreux Treaty as is contained in Sir R. Craigie's telegram No. 16 of the 6th February, recording his conversation with the Turkish Minister for Foreign Affairs at Belgrade.

8. The next item in the conversation had been the Balkans, and here too Count Ciano had agreed that maintenance of the *status quo* was important. He had remarked that the independence of Albania must remain unfettered, and that the Italian Government hoped to develop considerably their friendly relations with Yugoslavia. The question of the Croats did not really interest Italy.

9. I enquired whether Count Ciano had mentioned the word Albania in connexion with Yugoslavia and the Ambassador replied that he had not, he had only spoken in the terms indicated.

10. As regards Greece, Count Ciano had observed that very friendly relations already existed between Italy and Greece and that, therefore, there was nothing which was likely to disturb the *status quo* in the Eastern Mediterranean. Italy did not object to the recent treaty between Yugoslavia and Bulgaria. She regarded it from a detached point of view, and had neither been favourable nor opposed to its conclusion.

11. I asked if, as the newspapers had reported, anything had been said regarding Turkish relations with Russia. The Ambassador answered that all that had occurred was that the Turkish Minister for Foreign Affairs had observed that Turkey had sincerely friendly relations with Russia, and that Turkey would not wish to see any fresh Power established in the Black Sea. Count Ciano had replied that he quite understood this point of view and accepted it. Otherwise nothing had been said about Turkish-Soviet relations.

12. Finally the Turkish Minister had remarked that he hoped that Italy would resume full collaboration with the League as soon as the Abyssinian affair had been settled. Count Ciano did not dissent from this observation.

13. Count Ciano, whom I saw that same evening, gave me an account of his conversations with the Turkish Minister for Foreign Affairs which coincided generally with the foregoing statement. He added however, in speaking of the Turkish attitude towards Spain, that Dr. Aras had stated that, while Turkey was anxious to see the *status quo* in the Black Sea maintained, she was not anxious that Russia should be interested in the Mediterranean. It was for this reason that she had not approved of Russia affording help to the Caballero Government. Moreover she was in favour of General Franco for ideological reasons. She had therefore refused to allow her ports to be used for the export of material and men from Russia destined for Spain. Further the Turkish Minister for Foreign Affairs had stated that Turkish policy was based on sincere friendship with Russia as regards the Black Sea, a treaty with Greece, close relationship with Yugoslavia and great friendliness towards Great Britain. As for France, relations were correct but nothing more, even after the settlement of

the sanjak question. France now showed signs of wishing to come to some special agreement with Turkey in the Mediterranean, but the latter did not feel inclined to respond.

14. I have sent copies of this despatch to His Majesty's representatives at Angora, Belgrade and Athens.

I have, &c.
E. DRUMMOND

[R 1136 419/22] No. 30

Sir P. Loraine to Viscount Halifax (Received February 18)

(No. 8. Saving.)
(Telegraphic) *En clair.* *Angora, February 12, 1937*

MY telegram No. 6, Saving.

In the opinion of Turkish Minister for Foreign Affairs the striking and important points that emerge from Count Ciano's statements to him are:

(1) Italian view that independent Catalonian republic would change Mediterranean *status quo* in terms of Anglo-Italian Agreement.
(2) Tacit Italian recognition of Balkan frontiers and of Balkan *Entente*.
(3) Tacit Italian acquiescence in Turkey's relations with the Soviets and Turkish view of *status quo* in Black Sea.

To my own mind this interview represents a notable Italian *coup de force* going a good deal beyond a mere reversion to the *status quo ante* Ethiopian conquest.

The change I surmise, must come from the Duce himself. I can hardly suppose that the substitution of Ciano for Suvich is enough to account for it, nor indeed is the Italian desire for close and friendly relations with the United Kingdom, albeit the Anglo-Italian Agreement has obviously opened the road for the change, nor, indeed, are the bright eyes of Turkey and her Balkan confederates enough.

It would be a natural and reasonable calculation that Italy can more easily and more effectively spread her influence and her power in the Eastern Mediterranean in the sun of Anglo-Italian friendship rather than in the icy shade of Anglo-Italian tension.

It would be equally natural and reasonable to suppose that a primary consideration of Italy's policy to-day is to eliminate all threats to her maritime communications at least for the period of years that she needs for the development and exploitation of her newly acquired dominions.

It is possible that after the completion or failure of that process, and should she again feel conscious of imperial destinies yet to fulfil, British naval preponderance in the Mediterranean may again present itself to her vision rather as an undesirable incubus than as a helpful guarantee. For we have seen clearly that when Italy needs peace, the Mediterranean fleet is an untaxed boon but when she needs territory an insulting intruder in waters that by nature are Italian.

It is also possible that Italy should she again be preparing years ahead for another territorial expansion, has learnt a lesson from the naval guarantees exchanged between the United Kingdom and the Eastern Mediterranean naval Powers during the sanctions period, and is taking time and the Balkans by the forelock in order to exclude for the future that hampering combination.

What seems certain is that Italy believes it necessary to guard and reinforce by diplomatic methods her eastern naval flank. She may have one or more of several objects in view. Time alone will serve to show which is the determining one.

[R 1166/43/67] No. 31

Sir S. Waterlow to Viscount Halifax (Received February 18)

(No. 26.)
(Telegraphic.) *Athens, February 18, 1937*

TURKISH Minister for Foreign Affairs took lunch at His Majesty's Legation before his departure to-day. He informed me that Balkan Conference had decided that policy of the three Mediterranean Balkan States should be linked with Anglo-Italian Agreement in the sense that policy of Greece, Turkey and Yugoslavia as regards the Mediterranean situation would be developed both collectively and individually parallel and in conformity with development of that agreement.

According to his Excellency this put an end to all question of Italian advances to Greece and Turkey resulting in separate understandings. All three Governments are fully aware that Anglo-Italian Agreement is only a commencement and that it is now up to the Italians to deliver the goods.

Decision will be recorded in protocols of conference but will not be made public.

(Repeated to Rome, Istanbul and Belgrade.)

[R 1161/43/67] No. 32

Sir S. Waterlow to Viscount Halifax (Received February 18)

(No. 28.)
(Telegraphic.) R. *Athens, February 18, 1937*

GREEK and Yugoslav Presidents of Council and Turkish Minister for Foreign Affairs all express themselves to me as highly satisfied with results of meeting of Council of Balkan *Entente*, which in their view has strengthened *entente* both internally and as a stabilising factor externally.

Communiqué issued by Council affirms complete identity of views as regards foreign policy and states that of Council (1) has examined European situation and will continue to develop *entente* in support of peace, (2) remains faithful to collaboration with League of Nations, (3) particularly appreciates Anglo-Italian agreement in this connexion as a peaceful and stabilising influence in Mediterranean, and (4) notes with satisfaction Yugoslav-Bulgarian Treaty, which corresponds to aim of *entente* to consolidate Balkan peace and is a valuable contribution to inter-Balkan collaboration.

[W 8558/7/41] No. 33

Sir S. Waterlow to Viscount Halifax - (Received February 19)

(No. 31.)
(Telegraphic.) R. *Athens, February 19, 1937*

PRESIDENT of the Council informs me that Balkan Conference decided that all four Governments should follow the policy of non-intervention in Spain as elaborated in London, not to allow the despatch of men or munitions from or through their territories.

E 1027, 1027/44] No. 34

Sir P. Loraine to Mr. Eden (Received February 19)

(No. 86 F. Confidential.)
Sir, *Angora, February 11, 1937*

I HAVE the honour with reference to my despatch No. 69 E. of the 30th January, to transmit to you herewith a copy of a report by Mr. Macdowall Russell an engineer with many years' experience of Turkey, in regard to the mining industry in this country. Mr. Russell furnished the information contained

 F 3

in my despatch under reference, and asks that the present report may be regarded as confidential.

2 Mr Russell's conclusions are, as you will observe, in general less optimistic than those reached by Messrs. Gore and Steedman during their visit to Turkey as members of Mr Somerville Smith's mission of investigation. I propose to place Mr Mackenzie when he returns to Turkey in connexion with the Brassert contract, in touch with Mr Russell, as the latter's report suggests the desirability of further investigation by the former in regard to exportable availabilities of mineral ores.

3 I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

Enclosure in No 34

Report by Mr Mardowall respecting the Mining Industry in Turkey

Minerals

APART from coal, the export of which is now being strongly assisted by the Turkish Government giving a subsidy per ton exported, the most important mineral exported by Turkey for the present is chrome ore. Last year Turkey was the greatest chrome exporting country in the world, 150,000 tons having been actually shipped.

Until now the two most important exporters of chrome ore have been the French Chrome Company at Fethiye and the German Chrome Company working at Dagardi and Bas Alan. The former is financed from Paris and the latter from Berlin. The Fethiye exports in 1935 were roughly 100,000 tons, whilst the Dagardi and Bas Alan mines exported some 40,000 tons. For the year 1936 the respective figures will probably be somewhat higher. The mines worked by the French at Fethiye were formerly the property of the Patterson family of Smyrna, but were confiscated by the Government in June 1935, and the royalty is now paid by the French company direct to the Treasury.

The year 1936 saw the beginning of a change in the mining industry in Turkey. The Eti Bank and the Mining Institute of Research, founded by the new law of June 1935, both began active operations, and the Eti Bank opened up the Guleman chrome field, some 30 kilom. from the well known copper mines at Ergani. The writer of these notes foresaw the great importance of the Guleman chrome field, and a few years ago applied at considerable expense in the name of Fuad Fazli Bey for fifty-six different concessions. Twenty-seven preliminary grants were given, but as there was no railway at that time he abandoned his rights after two years. The ore is of a very pure quality, and the body of ore appears to be of very great extent. In fact the Turkish Government engineers now claim it is the biggest chrome mine in the world, and that 200,000 tons are available from the surface alone. This claim is probably somewhat exaggerated.

The Eti Bank in 1936 made contracts with Krupps for 30,000 tons of chrome ore of 48 per cent. So far about 10,000 tons have been brought by rail to the port of Mersin, but 3,000 tons have been lying there since early in December, making a net shipment from Guleman in 1936 of 7,000.

The Eti Bank is said to have made contracts with the German firm of Thyssen and with another German firm. It is also known to the writer definitely to have made a contract with buyers in the United States.

The Minister of National Economy, Mahmut Celal Bayar, broadcasted in Istanbul, in December, that the Guleman mines would export 100,000 tons of chrome ore in 1937. This, however, is an impossibility, as the transport means available would not handle so much ore. An aerial ropeway is being constructed by a German Austrian firm from the Guleman mine to the railway station, a distance roughly of 28 kilom.

The Eti Bank director claims it will be ready in one month. The Austrian engineer in charge of the construction told me he would be pleased if he could have it ready in two months.

Ilhami Bay told me he reckoned to export 60,000 tons from Guleman in 1937, but Sadreddin Enver Bay, third director of the Eti Bank, thought they should manage 50,000 tons.

At present all the ore is sent by camel to railhead, and then over 650 kilom. to the port of Mersin. This port is an open roadstead and the ore is loaded on board ships by means of lighters. There are often strong winds, and recently a storm blew all the lighters ashore and is the cause of the delay in shipping the above mentioned 3,000 tons. Ilhami Bay told me he was considering using also the small port of Payas, near the Syrian border, as it exports annually some 20 to 30,000 tons of grain and fruit. Further the port of Alexandretta might be used if France and Turkey came to a suitable agreement. Ultimately, in 1938 or 1939, if the ore body at Guleman holds out, there is no doubt that it will be possible to ship 1,000,000 tons a year by using all these three ports. The distance from Payas to Alexandretta is very short, and if there be no railway at present, it would not cost much to build one.

The exports of chrome ore for the whole of the year 1936 are not yet known to the Government, but the figures for the first nine months are as follows:—

114,005 tons for the value of £T 2,169,419.
Chrome ore is now generally sold on a c.i.f. basis.
These 114,005 tons were shipped to:—

	Tons
Germany	37,707
Sweden	27,071
France	12,884
United States	8,128
Italy	4,875
Holland	3,302
United Kingdom	1,016
Other countries	18,362
Total	114,005

For the nine corresponding months of the year 1935 only 93,400 tons were exported, so the Director of Mines hopes the figures for 1936 will be greater than those for 1935, viz. 150,004 tons.

Germany has consistently paid above world market prices for the Turkish chrome, giving often as much as c.i.f. prices for f.o.b. conditions. The London suppliers from Rhodesia &c. were prepared to sell on an average at 78*s.* to 80*s.* c.i.f. per ton, but the writer knows of several contracts in Turkish ore where £T 24, or 78*s.* 6*d.* was paid f.o.b. per ton for 48 per cent. chrome ore.

Other than the French and German chrome companies, there is Patterson operating a mine still left to him. He exports some 7,000 tons a year to Germany. His buyers are the writer's personal friends. Then the Turk Krom Sirketi, which is heavily in debt to the German Chrome Company, Yunus Nadi Bay, the proprietor of the *Cumhuriyet*, and Fuad Fazli Bay are directors, with M. Seferiades as general manager. M. Buchardy, after losing £T 100,000 for a Paris group over the Tekir Ova chrome mine, has joined forces with Seferiades.

There is also Orhan Brandt, financed by the French Gas Company, with an export of 3,000 to 5,000 tons a year. There are a few other small people like Yunus Biraderler of Mersin, but it is advisable to avoid them. Chrome is one of the dirtiest businesses in Turkey, coal coming first.

Copper

The Eti Bank is now actively engaged in developing the Ergani copper mine. Confidential official information is opposed to the optimism of his Excellency Mahmut Celal Bayar, the Minister of National Economy, who stated exports would begin in the summer of 1937. I am told they will not begin until early in 1938. Other copper mines taken over are the Kuvarstane copper mine, on which the German firm of Siemens spent some few million liras. I understand exports will begin this year.

I was informed by the director that work would also begin on the famous Murgul copper mine which was, and morally still is, the property of the British Caucasian Copper Company (director, Vivian Smith, director of the Bank of England). This is one of the biggest low grade copper mines in the world.

It was formerly in Russian territory but the Bolsheviks gave a stretch of land to Turkey a few years ago, hence the claim of the Turks that the mine automatically became Government property as the Russians had nationalised all mines. The Archavi copper mine may also be taken over as the owners lost their right on the 31st December, 1930. The writer offered, last February, the Minister to form a Turkish company with British capital, but the Minister asked that the capital be given him and his department would work the mine. The writer replied that he was not a philanthropist but a business man.

Molybdenite

There are two such mines in Turkey, one financed for years by the writer and one near Angora now taken over by the Eti Bank. Krupps built a washing plant at the latter, and the ore is of very high grade. It is thought that this mine is a first rate one. The former mine is low grade only.

Silver Lead

One of the biggest mines in the world of this nature is the Bulgar Dagh. The writer has complete reports that cost large sums. The Eti Bank is now working there. The ores are of high grade.

Other silver-lead mines in which the Eti Bank is interested are at Keban and Garmas Hankoy. They are also working on a big scale.

Antimony

The biggest antimony mine in Turkey is at Orli, Kirka near Odemis. The writer financed it for many years and with the lessee James Wilkinson, arranged with the owners the Smyrna Victoria Company to lease it to Messrs. Cooksons of London. Cooksons, although engineers ignorant of Turkish Government methods, lost £1,350,000 over it and the mine is now Government property. The writer with Wilkinson only exported 4,000 tons of 70 per cent. ore from one pocket alone.

Iron Ore

In view of the proposed Karabuk steel plant it may be interesting to give a few notes on iron ore in Turkey.

So far as is known, there is no great body of suitable iron-ore, but iron is found in smaller quantities in many places.

The best known iron-bearing district is perhaps the deposit of Ayasmand to the south of Ayvali, not very far from Edremit, some 12 kilom. from the coast. Here the iron is in the form of magnetite, analysing from 48·84 per cent. to 47·26 per cent. Fe with traces of copper. This deposit was studied during the war by the German Mineral's Mission and later by Professor Granigg, without any serious work being done.

Another large deposit is at Besparmak, some 40 kilom. from the Aydin Railway in the Mugla district. Here the iron ore is also in the form of magnetite, analysing from 53 per cent. to 68 per cent. Fe, with 10 per cent. silica and 0·4 per cent. sulphur and about 0·05 per cent. phosphorus. The German mission examined this also during the war and estimated the deposit at 30 million tons. The writer is inclined to divide this figure by 3.

In the Vilayet of Ismir (Smyrna) there are different deposits of iron ore and a mine near Triada on the Smyrna Aydin Railway was formerly worked by a British company. As many as ten seams were opened up and good percentages were obtained.

In the Pavas district the beds of red oxide of iron were known prior to the war, and several shafts had been sunk. Only primitive methods were then employed. In 1916 during the war two German mining engineers made a survey of the district and found iron in great abundance but of inferior quality. The ore varies very much and ranges from 30 per cent. to 67 per cent. Fe and contains 33 per cent. to 49 per cent. alumina and considerable silica.

Beirut Dagh. North-west of Bulgar Dagh, some 15 miles from Zeytun. There are some 200,000 tons of ore, one mine giving a high quality of 70 per cent. to 75 per cent. Fe. Nearby is also a mine at Bel Dagh with some 150,000 tons deposit.

Avasoluk near Ephesus. It was said, pre-war, that this was one of the biggest deposits in Turkey and estimates of the ore body range from 1 million to 5 million tons.

Mellech, near Anamur, in the south. Here an English company worked pre-war. In 1910 it produced 24,000 tons.

Mahmud Saidi near Alaya, about 15 kilom. from the coast. A Belgian engineer examined this deposit and reported the ore to extend over a length of 10 kilom. and a width of 2 to 0 kilom. with an average of 58 per cent. Fe.

Other places known are Buyuk Beuh near Gemlik, in the Vilayet of Sivas, Lazistan, Demir Dagh near Afina on the Black Sea, Surmene, Mervinan and Mardin.

The Sakar Kaya mine, near the village of Fortuna, some 9 kilom. from Torbali Station on the Smyrna Aydin Railway, was worked by a British company pre-war. The ore is a brown hematite and an analysis gave iron oxide 86 per cent., oxide of manganese 2·80 per cent., phosphorus 0·05 per cent., silica 0·80 per cent. and organic 10·30 per cent.

There are many other occurrences, but until now no serious attempt has been made to work iron deposits in Turkey.

Conclusion

The writer has personally visited over 400 chrome properties, and has spent twenty-five years in Turkish mining affairs. His opinion is that ore can lose more money in Turkish mines more quickly than anywhere else in the world if expert advice is not taken. He also owns interests in Chile, Canada and Rhodesia, and may be said to speak from personal experience.

E 1031/466/44 No. 35

Sir P. Loraine to Mr. Eden (Received February 19.)

(No. 89.)

Sir, *Angora, February 12, 1937.*

I HAVE the honour to inform you that on the 5th February the Grand National Assembly unanimously passed a law effecting certain changes in the Turkish Constitution.

2. Article 102 of the Constitution stipulates that any proposal to amend the Constitution must be signed by at least one-third of the total number of Deputies and that any such proposal, when put to the vote, must be accepted by at least two-thirds of the total number of Deputies. These conditions were duly fulfilled.

3. The text of the proposal submitted to the Assembly was, according to the *Ulus* of the 5th February, as follows:

> Article 2 of the Constitution shall read: The Turkish State is republican, nationalist, democratic, State-controlled, laic and revolutionary. Its official language is Turkish. Its capital is the town of Ankara. (NOTE: Article 2 formerly ran: The official language of the State is Turkish; its capital is the town of Ankara.)
>
> Article 44 of the Constitution shall read: The Prime Minister is designated by the President of the Republic from among the members of the Assembly. The other Ministers are chosen by the Prime Minister from among the members of the Assembly, and the Cabinet is presented to the Assembly after approval by the President of the Republic. If the Assembly is not in session this presentation is postponed until the Assembly meets. The Government, within a week at most, announces to the Assembly its line of conduct and political programme and requests a vote of confidence. The Prime Minister selects parliamentary Under Secretaries of State from among the members of the Assembly and submits them to the President of the Republic for approval. (NOTE: The last sentence of the above is new.)
>
> Article 47 of the Constitution shall read: The functions and responsibilities of the Minister and of the parliamentary Under Secretaries of State are defined by special law.
>
> Article 48 of the Constitution shall read: The numbers of Ministers and of parliamentary Under Secretaries of State is fixed by law.
>
> Article 49 of the Constitution shall read: If a Minister is on leave of absence or for any other reason is excused from performing his duties he is temporarily replaced by another member of the Council of Ministers or by

one of the parliamentary Under-Secretaries of State. But the same Minister or parliamentary Under-Secretary of State may not take over the interim of more than one Ministry. In case a parliamentary Under Secretary of State is to act for a Minister, the (necessary) decree is submitted to the Assembly.

Article 50 of the Constitution shall read: The decision of the Grand National Assembly summoning a Minister or a parliamentary Under-Secretary of State before the High Court entails his removal from office.

Article 61 of the Constitution shall read: A high court shall be constituted for the purpose of the trial, on account of actions committed in the exercise of their functions, of Ministers, parliamentary Under Secretaries of State, and presidents and members of the Council of State and Court of Cassation and the Chief Public Prosecutor of the Republic. (NOTE: The changes in the above articles 44, 47, 48, 49, 50 and 61 are due to the contemplated creation of the office of parliamentary Under Secretaries of State.)

Article 74 of the Constitution shall read: No one may, by expropriation, be deprived of his personal or real property except for duly established reasons of public interest, and after previous payment of fair compensation in accordance with the (relevant) special laws.

The compensation to be paid for the expropriation of lands and forests that are to be expropriated in order to make the tiller of the soil an owner of land, and to bring forests under State administration, and the method of payment of such compensation shall be regulated by special laws.

No one shall be forced to make any sacrifice other than the prestations in money, goods and labour imposed by law in extraordinary circumstances. (NOTE: The second paragraph of the above article is new.)

Article 75 of the Constitution shall read: No one may be molested on account of the philosophy he professes, or on account of his religion or religious denomination. All religious services may be freely held provided they do not disturb the public peace or shock public decency or violate the law. (NOTE: Article 75 as amended above differs from the former version which ran [illegible] or on account of the (Moslem) religious order to which he belongs or of his religion [illegible].)

4. The effect of the change introduced into the text of article 2 of the Constitution is that the six principles of the People's party are now solemnly adopted as the guiding principles of the Turkish State. It will, theoretically, be henceforth impossible for a "Liberal" party (such as that led by M. Fethi Okyar in 1930) or a Communist party, or a party professing any other doctrines than those of the Popular party to form a Government, as such a Government would be unconstitutional.

5. The alterations in articles 44, 47, 48, 49, 50 and 61 will permit the creation of a number of parliamentary Under Secretaries of State—an office hitherto non existent in Turkey. It is said that the post of parliamentary Under-Secretary of State for Foreign Affairs will be given to M. Numan Menemencioglu, at present Secretary General at the Ministry for Foreign Affairs. If so, I shall much regret his departure from his present post. It is, however, consoling to think that he will act as Minister for Foreign Affairs during the frequent absences of his present chief.

6. The changes in article 74 are due to the desires of the Government to develop a land-owning peasantry, and also to nationalise the forests so as to preserve them from wanton destruction, and to utilise them to the best advantage. The proposed changes gave rise to some criticism on the part of "independent" members of the House, on the ground that the Government should not favour workers on the land, but should make all workers owners of property. Furthermore, they opposed the expropriation of land from present owners and the method of compensation for expropriation.

7. The revised article 75 of the Constitution is remarkable for the omission of the word "tarikat" (i.e. "(Moslem) religious order"). It will be remembered that since the suppression of the Moslem religious orders, the principal being that of the Dervishes, there have been from time to time arrests of persons for continuing to practice the observances of the suppressed orders. When tried, the persons arrested appealed to the terms of article 75 of the Constitution, which provided that no one should be molested on account of the "order to which he belongs." Needless to say, this defence availed little, other pretexts being found

for condemnation. In future, persons arrested for practice of the observances of a religious "order" will no longer be able to appeal to the Constitution in their defence.

8. The Turkish texts of the revised articles of the Constitution will be forwarded when they have been published in the *Official Gazette*.

I have &c.
PERCY LORAINE.

E 1077/141/44] No. 36

Sir P. Loraine to Viscount Halifax. (*Received February 21.*)

(No. 3.)
(Telegraphic.) *Constantinople, February 21, 1937.*

YOUR telegram No. 33.

I saw Minister for Foreign Affairs yesterday evening in Istanbul on his return from Athens and carried out your instruction. He sees the point. He had not yet informed Italians that he had consulted us, but will now take an early opportunity to tell Italian Ambassador that he is taking soundings of other parties to Montreux Convention, ourselves, of course, included.

I gather that he did indicate to Count Ciano at Milan that, from purely Turkish point of view, there was unlikely to be any objection to either of proposed Italian reservations. He says that impression he received at Milan was that Italy did not contemplate more than "some anodyne statement" in the sense of paragraph 5 of your telegram under reply, but that as, in the light of communication I made to him, the United Kingdom are interested in second reservation, he regards Turkey as being co-interested with His Majesty's Government.

(Confidential.)

He also says that he is under no illusions about the Italian attitude, which he regards as an ingenious way of making difficulties for Turkey, out of which Italy may reap advantage and contrasted with the more brutal German protest.

Please repeat to Paris.

(Repeated to Rome.)

E 1108/141/44] No. 37

Sir P. Loraine to Viscount Halifax. (*Received February 21.*)

(No. 4. Confidential.)
(Telegraphic.) *Istanbul, February 21, 1937.*

[I MY] telegram No. 11 to Geneva and my immediately preceding telegram.

Language held to me privately by Dr. Aras makes it clear that Turkish Government (and I infer President of the Republic also) are bitterly incensed at this German *demarche*. They take the view that the results of Montreux Convention are and had been actually beneficial to Germany, the door which Lausanne Convention had left open for spread of communism into the Mediterranean now being closed. But what they resent most is that the very ally, out of loyalty to whom they lost the sovereignty over the Straits, very nearly lost all their European territory, and did lose most of their empire, should now create difficulties for Turkey when by her own efforts and by entirely legal methods she has retrieved this important part of her position. A word of friendly congratulation from their former German ally would have been appropriate and welcome. Instead of that, Turkey receives formal protest, which disagreeably reminds her, moreover, of undisguised incitements addressed to her last year by German press to take the law into her own hands as regards the Straits.

Minister for Foreign Affairs tells me he has not yet settled the line of his reply to German protest, but he is strongly tempted to write and publish one that will make it clear to the world what any country has to expect if it becomes an

ally of Germany He wanted to discuss its drafting to me, I told him good humouredly, but quite clearly, that I could not be concerned in that, though I should be interested to learn afterwards what he had written

Germans have made another of their grievous psychological errors

Please repeat to Paris

[E 1141/141/44] No 38

Sir P Loraine to Viscount Halifax (Received February 22)

(No 5 Confidential)
(Telegraphic) *Constantinople February 22, 1937*

MY telegram No 4 (?)

I saw Secretary General of Ministry for Foreign Affairs yesterday evening before his departure to Geneva He seems to have had a regular field day lately with German Ambassador about German reservations as regards Montreux Convention

He asked German Ambassador whether German Government were picking and choosing as between [?] the two conventions, viz Lausanne and Montreux to neither of which had they been a party or whether they wished to revert to *status quo ante bellum* to which they had been a party a situation which he hardly imagined would suit Germany in the light of her present views He told German Ambassador that if German reservations were maintained German Government would shortly find themselves confronted with a very positive Turkish counter reservation, he reminded my German colleague that Montreux Convention contained advantages for parties to it as well as the disadvantages that the German Government apparently detected that if the German Government persisted in their objections they would liberate Turkish Government from any obligation to confer benefits of convention either on German warships or on German merchant shipping, and he hinted plainly that Turkish Government were quite prepared to use their freedom to withhold such advantages

(Please repeat to Berlin, with my telegram No 4)

[E 1198 141 44] No 39

Sir P Loraine to Mr Eden (Received February 25)

(No 6 Confidential)
(Telegraphic) *Constantinople February 24, 1937*

MY telegram No 4

I saw Minister for Foreign Affairs again yesterday He has decided to send a laconic written reply to German communication to the effect that if German reservation is maintained Turkey makes a counter reservation disengaging herself from any obligation to apply benefits of Montreux Convention to German shipping &c In addition to this he will furnish Turkish Ambassador in Berlin with a reasoned reply to German arguments for communication to the Wilhelmstrasse, and develop the history of political and moral considerations

Purpose of this procedure is to avoid envenoming situation, to leave the door open for Germany to retract her reservation, and to make it clear, should she remain obdurate, that of her own will and with full knowledge of the circumstances she has excluded herself from possibilities of collaboration with Turkey

His Excellency was far calmer and more objective about the matter than when I last saw him, and it is the comforting sense of common interest with us about the Straits issues that has enabled him to be so.

He has also been approached in recent times both by the Polish Government and United States Government about the Montreux Convention and exchanges have been satisfactory He proposes to initiate the practise of circulating to signatories correspondence exchanged between Turkey and Governments of countries that are neither Mediterranean nor Black Sea Powers The first batch will therefore relate to Poland United States of America and Germany

See my immediately following telegram

Please repeat to Berlin

[E 1202/141/44] No. 40

Sir P Loraine to Mr Eden (Received February 25)

(No 7 Confidential)
(Telegraphic) *Constantinople, February 24, 1937*

MY immediately preceding telegram

Turkish Minister for Foreign Affairs tells me that after mature reflection he feels pretty certain that although Russian danger is given as the ground of German Government's reservation to new Straits Convention, and may, indeed, be a ground for it, since nowadays Russia and the Franco-Soviet Pact are the general utility peg that Germany uses for such purposes, there must be other grounds and an unrevealed motive

He suggests that Germany's conception of her own prestige as a world Power and her insistence on bilateral agreements may be among the other grounds

He concludes that the underlying motive is to preserve German freedom of action as a future Mediterranean Power For it emerges from German communication that Germany is concerned more with the distant than with the immediate future it stands to reason that Montreux Convention places German naval strategy under no disabilities at all so long as Germany is not an interested party Power but it certainly might loaf she became a Mediterranean Power and had a base e g Trieste or Pola from which her navy could operate

Assuming the correctness of this inference, German reservation seems pointed more directly against Italy than against Turkey

Please repeat to Berlin

E 1218 24 44 No 1

Sir P Loraine to Viscount Halifax (Received February 26)

(Unnumbered Confidential)
(Telegraphic) *Istanbul, February 22, 1937*

MINISTER for Foreign Affairs tells me that it is now the settled policy of the Turkish Government to develop and intensify as much as possible their economic relations with the Anglo-Saxon world notably the United Kingdom and the United States of America and to diminish progressively their similar relations with Germany

(Repeated to Berlin, No 1 Saving)

E 1262, 83 44] No 42

Sir P Loraine to Mr Eden -(Received March 2.)

(No. 3 Saving Very Confidential)
(Telegraphic) *Istanbul February 25, 1937.*

NOT long ago I received a strong hint from a Turkish Deputy, who is an intimate companion of the President of the Republic, that Turkey is anxious to link up her railway system with that of Iraq, directly and without passing through Syria, e g, Diarbekir to Mosul and presumably down the Tigris Valley, and would welcome any British encouragement and assistance in carrying out the project.

I have obtained definite confirmation of this from Turkish Minister for Foreign Affairs and have also meanwhile, received a copy of Sir A Clark Kerr's letter of 15th January to Mr Rendel

There are political economic and strategical reasons for this Turkish project

Political because in every field it is the settled policy of Turkey to work with the United Kingdom her allies and her friends also because she wants direct communication with Iraq that is quite independent of Syria whether or no the latter be under French control

Economic, because she wants to strengthen her economic relations with Iraq and get direct supplies of crude oil from Iraq oil-fields, for which she can pay in the cereals and timber that Iraq needs. Turkey would propose to construct a refinery at or near Diarbekir which would save enormous haulage costs in supplying eastern vilayets with refined products. Also because of possible through rail communication in future from Haydar Pasha via Bagdad, Persia and Baluchistan to Delhi

Strategically so as to have direct communication with one of England's allies to diminish, if not entirely to eliminate her present dependence on Russia and Roumania for petroleum products, and to have a large refinery and stocks and regular supplies of crude oil that are outside the range of the aircraft of any Power likely to be hostile

I told his Excellency that according to such knowledge as I possessed construction and running of a large refinery would be a highly technical, very costly, and probably unremunerative undertaking. He said that the Turkish Government were aware of these considerations but thought that the advantages appreciably outweighed that risk.

As regards rail communication with and through Persia I reminded Dr. Aras that the Shah was wedded to his idea of north-south axis of the Persian railway system, and I told him of the pulish obstinacy with which some thirteen or fourteen years ago the then Reza Khan had clung to his idea notwithstanding the cogent arguments I had been urged to mention in Teheran in support of the superiority from all points of view of west-east alignment. Dr. Aras said he believed the Shah now realised that he had been mistaken and that there was a possibility of a reconsideration of his railway policy. The Turkish view entirely supported mine.

However this may be the language of Dr. Aras clearly suggests that Turkish Government would like to know whether His Majesty's Government bless their project in principle and would probably be glad to have the benefit of British technical advice and maybe also technical assistance.

As to the first point I trust that after due consideration you will feel justified in concurring in the view that I myself hold that the scheme is one that in our interests and in those of Iraq at large is desirable to encourage.

As to the second point, I fancy that Sir John Cadman's views as regards possibilities of the projected refinery at Diarbekir would be most valuable, and I should be glad to know whether you would see any objection to my writing to him on the subject with a view to enlisting his co-operation.

(Repeated to Bagdad.)

[E 1310/425/44] No. 43

Sir P. Loraine to Mr. Eden (Received March 5.)

(No. 98 E.)

Sir, *Angora, February 19, 1937*

I HAVE the honour, with reference to my despatch No. 425 E. of the 11th August, 1936, to transmit to you herewith a copy of a note by the acting commercial counsellor of His Majesty's Embassy in regard to the Turkish revenue returns for the first five months of the current financial year.

2. As you will observe the figures at present available show a net increase of close on £T. 19 million over the figures for the same period of the financial year 1935-36.

3. I am sending a copy of this despatch to the Department of Overseas Trade.

I have &c.
PERCY LORAINE.

Enclosure in No. 43.

Note by Acting Commercial Counsellor.

THE provisional budget figures of revenue for the first five months of the financial year 1936-37 show a marked increase over those for the corresponding period in 1935-36.

The comparative returns are:

	June to October inclusive	
	1936	*1935*
	£T.	£T.
Ordinary revenues	104,216,470	79,971,704
Extraordinary revenues	21,180,253	14,961,653
Miscellaneous revenues	674,851	2,104,705
Total	126,377,534	97,038,062

		£T.
The gross increase in ordinary revenue amounts to		24,244,726
But the following deductions should be made in respect of revenues not included in the State budget for 1935-36:		
	£T.	
Aviation tax	2,241,860	
Tax on flour	3,003,667	
		5,245,527
Net increase		18,999,199

The principal increases in revenue were:

	£T.
Customs duty	6,000,000
Transaction taxes	1,700,000
Consumption taxes (Ministry of National Defence)	1,200,000
Tax on salaries	6,500,000

The Ottoman Bank report that, in consequence of this satisfactory result the Turkish Government are already considering an increase of £T. 35 million in the budget estimates for 1937-38.

E 1285/820/44, No. 44

Sir P. Loraine to Mr. Eden.—(Received March 4.)

No. 102 E.)

Sir *Angora, February 19, 1937*

I HAVE the honour to inform you that my French colleague recently mentioned to me in the course of a conversation that he believed the commercial relations between Turkey and Germany were by no means happy and that the Turkish Government had already denounced the Turco-German Clearing Agreement which is valid until the 30th April next. In this connexion, M. Ponsot stated that the principal reasons for Turkish dissatisfaction with the present state of affairs were the following:

(a) The sum of nearly £T. 50 million was blocked in Germany in favour of Turkish exporters.

(b) Bills drawn on German importers by exporters in this country had recently been returned unpaid and to avoid loss to traders the Turkish Central Bank was meeting them.

(c) Germany was evading the spirit of the clearing agreement by re-exporting large quantities of Turkish produce to the United States of America, to the United Kingdom and to Denmark.

2 In the course of a subsequent conversation with the Secretary-General of the Ministry for Foreign Affairs, I took occasion to mention to M Numan Menemencioglu but without stating the source of my information that I had heard that the operation of the clearing agreement with Germany was by no means satisfactory I told him that, before reporting to you, I should be very glad if he could give me authoritative information and I then stated the specific points on which the Turkish Government were stated to be dissatisfied M Numan said that, fortunately he was well acquainted with the circumstances, which were as follows

(i) The Turkish Government had not denounced the clearing agreement with Germany (I believe however, that the Ministry of Economy have this possibility under consideration)

(ii) The statement that upwards of £T 50 million was blocked in Germany in favour of Turkish creditors was misleading and the actual amount blocked after making allowance for instalments due on a number of long term credits granted by Germany was more in the neighbourhood of £T 20 million to £T 25 million Turkey's aim was to be a debtor to Germany under the operation of the clearing agreement not a creditor and steps would shortly be taken to wipe out part of the blocked sums by ordering merchant vessels in Germany

(iii) The assertion that there had recently been some delay in the payment of commercial bills drawn up by Turkish exporters on German importers was also either misleading M Numan explained that in order to enable Turkish exporters to Germany to receive their money without undue delay the Central Bank of Turkey had been authorised by the Ministry of Finance to make advances up to a total of £T 25 million and when that ceiling was reached Turkish exporting firms had to revert in order to recover their money to the ordinary process of liquidation in chronological order provided for in the clearing agreement This ceiling had recently been reached and as the Central Bank of Turkey had no statutory powers to grant credits beyond the sum of £T 25 million it followed that the service of advances had been interrupted M Numan Menemencioglu told me that the Central Bank had requested the Ministry of Finance *pro forma* to authorise the Central Bank to grant credits in excess of £T 25 million in the knowledge that the request could not be granted without an alteration of its statutes and without expectation of its being met As soon as this sort of revolving credit was replenished by the recovery of advances and the amounts outstanding sank below £T 25 million the Central Bank was able to make fresh advances

(iv) As regards the re-exportation from Germany of Turkish produce M Numan Menemencioglu informed me that the attention of Dr Schacht had been called to this matter during his visit to Angora last November, and details of one specific case of this nature had been laid before him Dr Schacht then gave an assurance that he would give the strictest instructions to prevent any further evasions of this kind as re-exportation in this manner could only be clandestine, and apart from the fact that such operations were contrary to the spirit of the Turco-German Clearing Agreement they constituted a fraud on Germany as well as on Turkey for postulating the authenticity of the Turkish information he was absolutely certain that the foreign exchange represented by the transaction had never come back to Germany

3 I am sending copies of this despatch to His Majesty's Ambassador at Berlin and to the Department of Overseas Trade

I have &c
PERCY LORAINE

[E 1333/141/44] No 45

Sir P Loraine to Mr Eden (Received March 6.)

(No. 70. Confidential.)
(Telegraphic.) *Angora, March 5, 1937*

MY telegrams Nos. 5, 6 and 7 from Istanbul

I learn from Turkish Minister for Foreign Affairs that attitude of German Ambassador has become much milder and his tone almost pleading He has now fallen back mainly on argument about Germany's historic interest in any régime of the Straits, and he assured Minister for Foreign Affairs that in this question Germany "is merely defending her *existence*" He spoke in French of which language he is not a master, and we can only surmise that by "existence" he means Germany's "presence" among the parties to the Straits regime He also begged for a moderate tone in Turkish press

2 Minister for Foreign Affairs tells me that he has also spoken with Italian Ambassador here about the German reservations My Italian colleague tried to reassure him about Germany's friendly regard for Turkey and purity of her intentions, but he wished visibly when Minister for Foreign Affairs asked him whether Germany might not be reserving her eventual position as a future Mediterranean Power This was a clearly unpalatable suggestion and Minister for Foreign Affairs deduces that Italian influence may be effort to be helpful in inducing the German Government to withdraw their reservations

3 He is now of opinion that though Berlin and Rome have doubtless kept each other informed of their hypothetical attitude towards Montreux Convention there has been no actual connivance in the matter of respective reservations

4 As regards matter of replying to German communication his mind is still working on the lines indicated in my telegram No 6 from Istanbul

5 Please repeat to Berlin

(Repeated to Rome)

[E 1332/141/44] No 46

Sir P Loraine to Mr Eden (Received March 6)

(No 71)
(Telegraphic) *Angora, March 5, 1937*

MY telegram No 8 from Istanbul

Minister for Foreign Affairs has been in communication with the Italian Government He has expressed the hope that if and when difficulties that at present bar Italy's return to full co-operation with the League of Nations are removed Italian Government will be able to withdraw their contemplated reservations as being superfluous

2 He also announced his intention to take informal soundings of other Montreux signatories in regard to contemplated Italian plans He was informed that the Italian Government saw no objection at all to this course provided it were understood taking of such soundings was not due to any Italian initiative

3 Foregoing communication to me constitutes Turkish approach to His Majesty's Government for an expression of their views

4 French Government is the only other one that has as yet been approached Minister for Foreign Affairs sent for the French Chargé d'Affaires, seized him of the matter inasmuch as France was both a signatory and guardian of Montreux Convention and expressed the hope that the French Government would give it favourable consideration and would acquaint him in due course with their view

(Repeated to Rome)

[E 1400 428/44] No. 47

Sir P. Loraine to Mr. Eden (*Received March 10.*)

(No. 10. Saving. Confidential.)
(Telegraphic.) *Angora, March 4, 1937*

YESTERDAY evening Minister for Foreign Affairs gave me in confidence some interesting information about Turkish budget.

2. Although budget now laid before Grand Assembly balances at about £T. 230 million of which £T. 67 million is for national defence purposes, neither of these figures represents the true position.

3. First figure leaves out of account money spent on and earned by a number of State enterprises which have autonomous budgets and serve threefold purpose of endowing country with an industry and banking structure, of providing employment and training for Turkish citizens and of increasing taxable income of the country. Government realises that demands made on taxpayer for defence purposes are very heavy and that his back will be broken and with it financial buoyancy of the State unless his earning capacity and standard of living are promoted by Government expenditure on productive employment giving enterprises. So far the balance between the two things has been preserved and two groups under-employment prospects of training a livelihood improving each year has not grudged heavy costs of defence and has remained reasonably contented. It might be said that whereas up to 40 per cent. of the revenue may, in a given year, be devoted to defence 20 per cent. is spent to benefit citizens.

4. If however revenue and expenditure of these autonomous budgets were added to that of published budget totals would balance at about £T. 400 million.

5. As regards national defence extra expenditure in the coming year would probably be high as £T. 100 million. Capital expenditure on armaments for example was not included and for such purposes special and separate provision was made.

[E 1412, 141/44] No. 48

Sir P. Loraine to Mr. Eden (*Received March 11.*)

(No. 72. Confidential.)
(Telegraphic.) *Angora, March 10, 1937*

MY telegram No. 70.

Note referring to German reservations has now been sent by Minister for Foreign Affairs to German Chargé d'Affaires in the following sense:

Turkish Minister for Foreign Affairs is clearly unable to enter into a discussion of reasons which may have prompted German Government to formulate these reservations.

He can only point out that although German Government had equally not participated in Lausanne Straits Convention, they had, nevertheless, benefited from it and its provisions throughout its period of application.

Montreux Convention is the result of an initiative taken by Turkey herself in exercise of her full sovereign powers.

Turkey's sole purpose in seeking a revision of Lausanne Convention was to assure to herself a firmer position and one that enabled her to serve more usefully the cause of order and security as indeed was set forth in Turkish Government's memorandum to signatory Powers of 11th April, 1936, and also to grant to the other signatory European Powers certain rights and privileges which, of course entailed reciprocal obligations on their part, the principal amongst these obligations being that of respecting the provisions of the convention.

Faithful to her principle of scrupulously fulfilling her engagements, Turkey takes the utmost care that all Powers shall enjoy equally and without except on all the advantages that ensue from the new convention in the matter of international commercial navigation; at the same time she seeks to safeguard this

route from every element of hostility and antagonism in order that it may be and remain a path of concord and peace.

Minister for Foreign Affairs trusts that in view of this concise summary of the position German Government will feel able to recognise that the considerations set forth are well-founded and to concur in them.

See my immediately following telegram.

[E 1565/528/44] No. 49

Sir P. Loraine to Mr. Eden (*Received March 18.*)

(No. 137. Secret.)

HIS Majesty's representative in Turkey presents his compliments to His Majesty's Secretary of State for Foreign Affairs, and, with reference to Angora telegram No. 11 Saving of the 4th March 1937, has the honour to transmit herewith a copy of a despatch from the naval attaché dated the 6th March, 1937, respecting Turkish national defence plans.

Angora, March 12, 1937.

Enclosure in No. 49

Captain Park to Sir P. Loraine

(Secret.)
Sir, *Angora, March 6, 1937*

I HAVE the honour to report that having recently been appointed naval attaché to His Majesty's Embassy at Angora and to His Majesty's Legations at Athens and Belgrade I was presented by your Excellency on the evening of the 3rd March to the Minister for Foreign Affairs M. Tevfik Rüstü Aras.

2. In the ensuing lengthy conversation between your Excellency and the Minister a large variety of subjects were discussed including that of Turkish national defence to which subject I am confining my report.

3. I was very much surprised to find that M. Aras dealt with this and other subjects in a completely free and open way with only little encouragement he gave an exposition of the Turkish policy of national defence and the method of its execution which in its frankness was truly amazing. I feel that M. Aras, prompted by a genuine desire for close friendship with Great Britain and with complete confidence in your Excellency's good faith was acting with the approval of the powerful and always reticent General Staff.

4. His Excellency enquired as to the progress of the Anglo-Turkish naval negotiations in London and referred to the two large cruisers (category "A") which Turkey had reserved the right to build although prepared to conform in other respects to the limitation of armaments agreement.

5. I ventured to point out that, in the opinion of the British Admiralty it would be of greater value to the Turkish Government, both strategically and tactically to build a battle cruiser of 17,500 tons or over. It would serve their purpose better and at the same time would be within the limits of the proposed agreement.

6. M. Aras said that the Turkish Government appreciated the good intentions of the Admiralty but, having thoroughly examined the matter they had decided that a battle cruiser would not serve their purpose, two large cruisers was what they needed and these they intended to have built.

7. After further discussion M. Aras outlined the Turkish Government's defence policy, and this policy where it touches the Turkish navy I believe to differ considerably from the conception of it at present held by the British Admiralty.

8. The policy is based on the assumption of a single handed war and with small exceptions, the instruments for putting it into execution are to be completed by the end of 1938.

9. A summary of this policy and of the means to be adopted in carrying it out as outlined by M Aras is given below

Policy

(*a*) To prevent hostile forces from disembarking either on the Mediterranean, the Dardanelles or the Black Sea coasts of Turkey or on their Ægean Islands.

(*b*) To maintain the coastwise sea communications on all Turkish shores, including those between the mainland and the Turkish islands.

Plan.

10. In the plan adopted for ensuring this coast defence the primary rôle is to be played by the army, with the navy and air force acting as auxiliary services

Military

11. The army to be brought up to a strength of thirty divisions.

12. Fixed defences to be erected at Smyrna to be completed in five years' time.

13. On all other coasts from the eastern end of the Black Sea to the Mediterranean limit a mobile defence to be organised. This to be based on a network of military roads radiating from suitable central positions where heavy mobile guns and military personnel can be held. With power tractors these guns and soldiers will be able to reach in a maximum of 36 hours any point seriously threatened and there the guns will be mounted on permanently constructed emplacements

14. All along the coasts will be depots of smaller guns, machine guns and rifles, with suitable military units to man them

15. Everything required for the execution of this plan has been assured except for the emplacements which are being taken in hand shortly

Air.

16. Three hundred first line aircraft to be available for co-operation in the general defence plan. To be completed up to numbers by the end of 1938

Naval.

17. The usual forms of passive defence, including mines and coastal torpedoes, to be available all along the coasts

18. A fleet to be formed which, counting the serviceable ships now available, will consist of one battle cruiser (*Yavouz*) two large cruisers, eight destroyers and twenty submarines.

This scheme will only be complete in ten years' time, for the fleet although the least important in the scheme of defence, is relatively the most expensive commitment.

19. The fleet, in addition to carrying out the primary rôle of co-operation in the defence plan, must be capable of the subsidiary rôle of carrying out "tip and run" raids on enemy merchant ships and transports, it is largely for this service that the two new 10,000 ton (about) cruisers with 8 inch guns and a speed if possible of 35 knots are considered essential

20. Later, it might be possible to afford an additional battle cruiser Meanwhile, the *Yavouz* which has been put into first rate condition, must suffice

Overseas Communications

21. To deny the enemy visualised his overseas communications is beyond the power of the fleet, and only the interference by "tip and run" raids referred to above is intended

22. The maintenance of Turkish overseas communications cannot be attempted in the face of the more powerful enemy naval forces visualised Fortunately, these overseas communications are not vital to Turkey, although of course, of great convenience for Turkey is self contained except for a few essentials which can be otherwise provided (see paragraph 27 below)

23. Even the route across the Ægean is not essential It is the most convenient channel for transporting an army into the Balkans, but the Black Sea route is an alternative, and if this cannot be used the land route will always be open

Training

24. In 1923 the services of a large number of officers and men of the fighting services had to be dispensed with and great difficulty has been experienced in training the personnel required to take their place

25. The principle adopted was to concentrate on training the officers and men with the limited means available and then, when trained, to provide them with the weapons aircraft and ships which they were to use. This system of training had been thoroughly and efficiently carried out, and officers and men were now ready and they were being or had been, provided with their armaments.

Defence Estimates

26. The figures published to the world are misleading This year, ostensibly out of a budget of £T 230 million a sum of £T 67 million is for national defence In point of fact the budget is nearer £T 400 million, of which £T 160 million would probably be applied to national defence

This does not include capital expenditure on armaments, for which separate provision is made

Supplies

27. Very few imports are essential to Turkey in time of war Those referred to by M Aras were

Oil If sea communications are cut this will be supplied by a side force overland from Iraq The railway will probably be extended eastward for this purpose The oil will be refined in Turkey at a refinery projected at Divarbekir, but not yet constructed.

Rubber Can come overland

Iron Ore This exists in the country but the supplies being limited, will be held in reserve for war

Steel A steel plant will be erected at Karabuk (Brassert contract)

Shipbuilding

28. It is intended to develop Golcuk dockyard to a standard where submarines and fleet auxiliaries can be built.

29. Some £T 5 million or £T 6 million is to be spent on the old dockyard in the Golden Horn for the building of merchant shipping

30. No indication was given as to the countries in which orders for new ships would be placed This matter was not touched upon

I have, &c

H A PACKER, *Captain,*
Naval Attaché

E 1412/141/44] No 50

Mr Eden to Sir P Loraine (Angora).

(No. 140.)

Sir, *Foreign Office, March 18, 1937*

I HAVE had under consideration your telegram No 72 of the 10th March, giving the sense of the note which has been addressed by the Turkish Minister for Foreign Affairs to the German Chargé d'Affaires regarding the reservations formulated by the German Government to the Montreux Convention.

2. While there is nothing in the wording of the note to which exception need necessarily be taken, I shall be glad if you will, provided you see no objection, take a suitable opportunity of placing before the Turkish Government, in a friendly and informal manner the following considerations in regard to the situation which might arise were they to attempt to translate into action the implications of their note

3. The Turkish thesis appears to be that Powers which do not agree to be bound by the restrictions of the Montreux Convention cannot expect to receive from Turkey the rights provided for in that convention As a general proposition, I am advised that this is perfectly sound It is true that under the convention

Turkey contracts to grant the treatment therein provided for, not only to vessels of the other contracting parties, but to the ships of all the world without distinction of flag. But the assumption underlying this contract is no doubt that the vessels of the non-contracting Powers will in return for that treatment conform to the provisions of the convention

4. A point which is not so clear is how far Turkey would be entitled to refuse to accord the conventional treatment to Germany merely on the ground that Germany maintained a general attitude of reserve towards the Montreux Convention, and in the absence of any definite case arising or having arisen in which Germany had refused to comply therewith. Generally speaking, it is probably correct to say that unless and until Germany translates what has hitherto been mere words into action, and takes some concrete step which indicates a refusal in practice to be bound by the convention, Turkey would scarcely be justified in refusing to extend its benefits to German shipping

5. Moreover whatever the exact legal position may be it would probably be unwise politically and might precipitate an unnecessarily difficult situation if, merely because the German Government have expressed dissatisfaction and have intimated in general terms that they see difficulty in regarding the Montreux Convention as binding upon themselves the Turkish Government were to take such a drastic step as for instance to refuse passage to a German merchantman or even to a German warship if the warship had in fact, presented itself for passage in conformity with the stipulations laid down by the convention

6. I am sending a copy of this despatch to His Majesty's Ambassador at Berlin

I am, &c.
ANTHONY EDEN

E 1586 331 44] No. 51

Sir H. Montgomery to Mr. Eden (*Received March 19*)

(No. 171 C.)
The Hague, March 16, 1937

Sir,

WITH reference to my despatch No. 160 C. of the 12th March, I have the honour to transmit to you herewith copies of the Netherlands-Turkish Clearing Agreement, concluded at Angora on the 27th February, 1937, and of the protocol of the same date relating to the payment for certain public works to be carried out in Turkey.

2. I have sent copies of this despatch to His Majesty's Ambassador at Angora and to the Department of Overseas Trade.

I have, &c.
HUBERT MONTGOMERY

Enclosure in No. 51

Accord entre le Royaume des Pays Bas et la République turque concernant le Règlement des Paiements relatifs aux Echanges commerciaux entre les deux Pays

LE Gouvernement néerlandais et le Gouvernement turc désireux de régler les paiements relatifs aux échanges commerciaux entre les deux pays, sont convenus des dispositions suivantes

ARTICLE 1er

Le règlement des paiements relatifs aux échanges commerciaux entre les Pays-Bas et la Turquie se fera par voie de clearing ou de compensation privée, conformément aux dispositions des articles suivants

ARTICLE 2

1. Les sommes dues pour achats de marchandises originaires des Pays-Bas, ainsi que de marchandises originaires des territoires néerlandais d'outre-mer à régler suivant les dispositions du présent accord importées en Turquie, seront versées en livres turques à la Banque centrale de la République de Turquie, qui les portera, après conversion en florins néerlandais, au jour du versement, au crédit d'un compte global en florins néerlandais, non productif d'intérêts, ouvert auprès de ladite banque, au nom du Nederlandsch Clearinginstituut.

2. La conversion des livres turques en florins néerlandais se fera sur base du cours officiel de la Banque centrale de la République de Turquie.

3. Lorsque la somme due est libellée en une autre monnaie que le florin néerlandais ou la livre turque, elle sera convertie en florins néerlandais d'après le dernier cours connu de Londres.

ARTICLE 3

1. Les sommes dues pour achats de marchandises originaires de la Turquie, importées aux Pays-Bas, seront versées en florins néerlandais au Nederlandsch Clearinginstituut.

2. Lorsque la somme due est libellée en livres turques, elle sera convertie en florins néerlandais, sur base du dernier cours de la livre turque communiqué par la Banque centrale de la République de Turquie au Nederlandsch Clearinginstituut.

3. Lorsque la somme due est libellée en une autre monnaie que le florin néerlandais ou la livre turque, elle sera convertie en florins néerlandais en appliquant le cours moyen coté pour la monnaie en cause à la séance de la Bourse d'Amsterdam qui précède le jour du versement.

ARTICLE 4

1. Le Nederlandsch Clearinginstituut répartira les sommes versées au crédit des comptes suivants en florins néerlandais non productifs d'intérêts, ouverts au nom de la Banque centrale de la République de Turquie, comme suit :

(*a*) 50 pour cent au crédit d'un compte global,
(*b*) 30 pour cent au crédit du compte "devises libres";
(*c*) 20 pour cent au crédit d'un compte spécial.

2. Les avoirs du compte global serviront à la liquidation des créances en règlement desquelles des versements ont eu lieu au compte global du Nederlandsch Clearinginstituut auprès de la Banque centrale de la République de Turquie, conformément aux dispositions du présent accord.

3. En ce qui concerne les créances résultant de l'achat de marchandises originaires des territoires néerlandais d'outre-mer, importées en Turquie après la mise en vigueur du présent accord, leur règlement sera effectué par le débit du compte global jusqu'à concurrence des 20 pour cent de ce compte.

4. Les avoirs du compte "devises libres" seront à la libre disposition de la Banque centrale de la République de Turquie.

5. Les avoirs du compte spécial serviront à la liquidation d'une partie des créances résultant de l'importation en Turquie de marchandises originaires du Royaume des Pays-Bas, effectuée avant la mise en vigueur du présent accord. La liste de ces créances sera communiquée par le Nederlandsch Clearinginstituut à la Banque centrale de la République de Turquie.

6. Dès que les créances visées au paragraphe précédent auront été liquidées, le compte spécial sera formé et le pourcentage des versements destinés au compte global sera porté à 70 pour cent.

ARTICLE 5

Les soldes en florins néerlandais, qui à l'entrée en vigueur du présent accord se trouvent au débit et au crédit des comptes globaux auprès des deux institutions de clearing prévus aux articles 2 et 3 de la Convention de Clearing turco-néerlandaise du 23 septembre 1934, seront transférés des comptes globaux prévus à l'article 2 et l'article 4, paragraphe 1 (*a*), du présent accord abstraction faite des créances visées à l'article 4, paragraphe 5.

Article 6

1. Les frais et commissions dus par les exportateurs néerlandais à leurs représentants en Turquie, ainsi que les frais et commissions dus par les exportateurs turcs à leurs représentants aux Pays-Bas, résultant des échanges commerciaux effectués entre les deux pays, seront réglés par voie de clearing, pour autant qu'ils sont usuels et économiquement justifiés.

2 Les deux institutions se réservent le droit de vérifier et de contrôler la nature et l'emploi de ces sommes, et si elles représentent réellement la contre-valeur des frais et des commissions ci-haut mentionnés.

Article 7

Le Nederlandsch Clearinginstituut et la Banque centrale de la République de Turquie s'engagent à accepter tout paiement conforme aux clauses du présent accord. Ils ne pourront en aucun cas subordonner leur acceptation à des conditions qui ne sont pas mentionnées au présent accord.

Article 8

Les deux institutions de clearing s'aviseront au jour le jour des versements opérés. L'avis mentionnera pour chaque versement le montant en florins néerlandais (sous déduction de la commission) dans laquelle la créance a été libellée, le nom du donneur d'ordre, le nom du bénéficiaire dans l'autre pays, ainsi que les indications nécessaires pour identifier la créance.

Article 9

1 Les paiements aux créanciers aux Pays-Bas par le Nederlandsch Clearinginstituut et en Turquie par la Banque centrale de la République de Turquie seront effectués dans l'ordre chronologique des versements et dans les limites des disponibilités du compte global ou spécial en cause.

2 Les paiements en Turquie seront effectués en livres turques sur la base du cours de change officiel de la Banque centrale de la République de Turquie, au jour du paiement.

Article 10

1 Toute exportation vers la Turquie de marchandises originaires des Pays-Bas ainsi que de marchandises originaires des territoires néerlandais d'outre-mer à régler selon les dispositions du présent accord et toute exportation de marchandises originaires de la Turquie vers les Pays-Bas, devra être accompagnée d'un certificat d'origine en double exemplaire établi conformément aux modèles annexés(*) au présent accord. Ces certificats seront délivrés conformément aux dispositions générales en vigueur pendant la durée du présent accord, dans chacun des deux pays.

2 L'exemplaire B de ces certificats sera estampillé par les douanes du pays importateur pour certifier l'importation et sera rendu par leurs soins à l'institution auprès de laquelle le versement devra être effectué. Le Nederlandsch Clearinginstituut et la Banque centrale de la République de Turquie se transmettront réciproquement, le plus tôt possible, les exemplaires B des certificats, dûment estampillés.

Article 11

1 Les opérations de compensation privée concernant les marchandises originaires de Turquie et les marchandises originaires des Pays-Bas ne pourront être effectuées que conformément aux dispositions en vigueur dans chacun des deux pays.

2 Les produits d'origine turque à l'exception des raisins secs, de figues sèches, des noix et noisettes pourront faire l'objet d'opérations de compensation privée avec des produits néerlandais. Les deux Gouvernements se réservent de reviser la liste de ces produits par échange de notes.

(*) Not printed

3. Toute importation aux Pays-Bas de marchandises originaires de Turquie, à régler par voie de compensation privée, devra être supérieure en valeur à l'importation en Turquie de marchandises originaires des Pays-Bas, de façon qu'un excédent représentant les 35 pour cent de la valeur totale de l'importation aux Pays-Bas soit réglé hors du système de compensation privée. L'excédent jusqu'à concurrence de 30 pour cent sera porté au crédit du compte "devises libres" de la Banque centrale de la République de Turquie, et le restant au crédit du compte global.

4 Les détenteurs de créances à régler par débit du compte spécial auront le droit de liquider leurs créances en dehors de l'ordre chronologique moyennant des opérations de compensation privée, conformément aux dispositions du présent article, étant entendu que dans ce cas l'excédent mentionné au paragraphe précédent sera porté à 45 pour cent.

5. Le règlement des transactions de compensation privée se fera par l'entremise du Nederlandsch Clearinginstituut et de la Banque centrale de la République de Turquie, le débiteur étant tenu de verser la somme due auprès de l'institution de clearing de son pays.

Article 12

Chacun des deux Gouvernements prendra, en ce qui le concerne, les mesures nécessaires pour obliger ses importateurs à respecter les dispositions du présent accord.

Article 13

Le Nederlandsch Clearinginstituut et la Banque centrale de la République de Turquie se mettront d'accord sur les modalités techniques nécessaires pour assurer le fonctionnement régulier du présent accord.

Article 14

La contre-valeur des produits originaires de l'un des pays contractants, exposés et vendus dans les foires et expositions tenues sur le territoire de l'autre pays, sera réglée par voie de clearing, sans être assujettie à l'ordre chronologique des versements, pour autant que l'entrée et la vente de ces articles soient autorisées par les dispositions légales du pays où ces foires et expositions seront tenues.

Article 15

1 Si, à l'expiration du présent accord, un solde actif subsiste auprès de l'institution de clearing de l'un des deux pays, les importateurs de l'autre pays devront continuer à verser la contre valeur de leurs importations à leur institution de clearing jusqu'à l'amortissement des créances en question.

2 De même, la contre-valeur des marchandises importées à crédit continuera à être réglée conformément aux dispositions du présent accord.

3. Les opérations de compensation privée entreprises pendant la durée de l'accord et non achevées à la date de son expiration devront être exécutées suivant les dispositions de cet accord, dans un délai de six mois à partir de la date de son expiration.

Article 16

Si, à la suite de circonstances exceptionnelles, le fonctionnement normal du présent accord se trouvait affecté, chaque Gouvernement aura le droit de demander l'ouverture de nouvelles négociations afin d'y porter remède, et, au cas où ces négociations n'auraient pas abouties à un accord, de dénoncer le présent accord à la fin de trente et un jours à compter de la date du commencement des négociations.

En cas de dénonciation les marchandises flottantes, ainsi que celles mises à bord au plus tard le lendemain de la dénonciation, seront réciproquement admises à l'importation sous les dispositions de l'accord dénoncé. Toutefois, les délais ainsi admis ne peuvent dépasser soixante jours et les marchandises en question devront être dédouanées dans les dix jours à compter de la date de leur arrivée au port du pays importateur. Les marchandises en question seront admises aux droits d'entrée en vigueur au moment de leur importation.

ARTICLE 17

Le présent accord aura une durée de douze mois et entrera en vigueur à partir du 1er mars 1937. Il sera renouvelé pour les mêmes durées par tacite reconduction, chaque fois qu'il ne sera pas dénoncé avec un préavis de deux mois.

ARTICLE 18

Cet accord remplace la convention en date du 23 septembre 1934 qui aura cessé de produire ses effets dès l'entrée en vigueur du présent accord.

Signé à Ankara le 27 février 1937.

M. le Ministre, *Ankara, le 27 février 1937*

Au moment de signer le présent accord et me référant au paragraphe 1 de l'article 10, j'ai l'honneur de vous faire savoir que, conformément aux dispositions en question en vigueur dans le Royaume des Pays-Bas, tout certificat d'origine visé à l'article 10 de l'accord et relatif à des marchandises néerlandaises devra être visé par les autorités néerlandaises compétentes ou bien être accompagné d'un certificat d'exportation délivré par ces autorités.

L'autorité actuellement chargée de cette compétence est le Crisis Uitvoer Bureau à La Haye.

Veuillez, &c.

M. le Chargé d'Affaires *Ankara, le 27 février 1937*

J'ai l'honneur de vous accuser réception de votre lettre en date de ce jour ainsi conçue :

" Au moment de signer le présent accord et me référant au paragraphe 1 de l'article 10, j'ai l'honneur de vous faire savoir que, conformément aux dispositions en question en vigueur au Royaume des Pays-Bas, tout certificat d'origine visé à l'article 10 de l'accord et relatif à des marchandises néerlandaises, devra être visé par les autorités néerlandaises compétentes ou bien être accompagné d'un certificat d'exportation délivré par ces autorités.

L'autorité actuellement chargée de cette compétence est le Crisis Uitvoer Bureau à La Haye."

Je m'empresse de vous informer que je suis d'accord avec les termes de cette lettre et vous prie, &c.

Protocole de signature relatif à l'accord entre le Royaume des Pays-Bas et la République turque, concernant le règlement des paiements relatifs aux échanges commerciaux entre les deux pays.

Le Gouvernement néerlandais et le Gouvernement turc ont constaté ce qui suit :

Le Royaume des Pays-Bas comprend :

Les Pays-Bas, les Indes néerlandaises, le Surinam et Curaçao.

Partout ou dans le présent accord figure l'expression " Pays-Bas " le territoire situé en Europe est seul visé.

Signé à Ankara le 27 février 1937.

Protocole

AU moment de signer l'accord en date de ce jour entre le Royaume des Pays-Bas et la République turque concernant le règlement des paiements relatifs aux échanges commerciaux entre les deux pays, les deux Gouvernements sont convenus de ce qui suit :

ARTICLE 1er

Les deux Gouvernements poursuivront l'étude des livraisons et travaux à exécuter sous l'application du présent protocole et de l'élargissement des moyens pour assurer les transferts y relatifs jusqu'à concurrence de 35 millions de florins néerlandais.

Il est entendu qu'il s'agit de :

(*a*) Construction de postes de T S F et exécution de travaux de P T T ;
(*b*) Construction et équipement des ports de Goleuk d'Eregli, de Samsoun et de Trabzoun ;
(*c*) Construction de navires ;
(*d*) Livraisons de café originaire des territoires néerlandais d'outre-mer ;
(*e*) Livraisons au Gouvernement turc et exécution de travaux rentrant dans le plan industriel et de travaux publics de l'Etat turc.

Cette liste ainsi que la somme de 35 millions de florins néerlandais mentionnés ci-haut peuvent être modifiées d'un commun accord par les deux Gouvernements.

ARTICLE 2

Le transfert des annuités aux intéressés, durant une période maximum de huit ans, sera effectué conformément aux stipulations des contrats y relatifs et dans le cadre des articles ci-après.

ARTICLE 3.

Les annuités en question pourront être transférées aux Pays-Bas moyennant l'importation de marchandises turques :

(*a*) Soit par ventes directes effectuées par les autorités turques sur les marchés néerlandais ;
(*b*) Soit par importations faites aux Pays-Bas par les firmes néerlandaises, sur base d'opérations de compensation privée.

Il sera laissé aux autorités turques le soin de déterminer dans leurs contrats avec les intéressés néerlandais le mode de transfert à adopter.

ARTICLE 4

Dans le cas où le Gouvernement turc se serait engagé à faire des ventes directes sur les marchés néerlandais en vue de faire face aux échéances de ces contrats, le Gouvernement néerlandais s'engage de son côté à ce que les permis d'importation nécessaires pour réaliser ces ventes soient accordés sans réserve.

Les deux Gouvernements sont d'accord, en outre, que la contre-valeur des ventes en question soit remise au Nederlandsch Clearinginstituut. Les 30 pour cent de ces montants seront mis à la libre disposition de la Banque centrale de la République de Turquie et les 70 pour cent sur un compte " Travaux et Livraisons."

Dans le cas où les avoirs du compte " Travaux et Livraisons " ne suffiraient pas au règlement intégral de l'annuité ainsi due à une firme néerlandaise, le Gouvernement turc s'engage à fournir la différence au compte susdit en devises libres à l'échéance.

ARTICLE 5.

Dans le cas où les firmes néerlandaises passeraient des contrats sur base de compensation privée, les dispositions de l'article 4 relatives aux permis d'importation, seront également appliquées, étant entendu que dans ce cas la contre-valeur des importations en question sera entièrement réservée pour satisfaire aux échéances à couvrir.

Il reste entendu que le règlement de ces opérations de compensation privée se fera par l'entremise de la Banque centrale de la République de Turquie et du Nederlandsch Clearinginstituut, qui fixeront d un commun accord les modalités techniques à appliquer

ARTICLE 6

Les produits turcs pouvant servir de base aux ventes directes à effectuer par le Gouvernement turc ainsi qu'aux opérations de compensation privée des firmes néerlandaises prévues aux articles 4 et 5 du présent protocole, sont les suivants

Le blé, l'orge, le millet (dari), l'alpiste, l'opium—y compris l'opium fourni à la Régie des Indes néerlandaises à condition qu'il soit vendu par l'intermédiaire des firmes néerlandaises en question—le mohair, le marbre, le coton, les vins, les spiritueux et tous autres produits d'origine turque pour autant que le caractère additionnel de l importation aux Pays-Bas ait été reconnu par les deux Gouvernements

Il reste entendu que les marchandises mentionnées ci-dessus peuvent également être importées par voie de clearing ou par voie de compensation privée non visée au présent protocole jusqu à la date de signature des contrats en cause, ainsi que pour les quantités dépassant celles nécessaires pour faire face aux annuités découlant de ces contrats

ARTICLE 7

1 En ce qui concerne le blé, le Gouvernement turc s'engage à réserver chaque année pour les opérations de compensation privée visées au précédent article des quantités suffisantes pour faire face aux échéances relatives aux engagements en cours

2 Si pour cause de sécheresse ou d autres conditions climatériques défavorables et imprévues, la récolte en Turquie du blé restant au dessous des 50 pour cent de la moyenne des cinq années précédentes, les deux parties se mettront immédiatement d'accord pour fixer la livraison d autres produits turcs en remplacement du blé ainsi que les prix à appliquer à ces produits dans le cadre prévu au paragraphe 4

3 Dans le cas où le Gouvernement turc ne se trouve pas à même de passer à la disposition des intéressés ou des acheteurs néerlandais désignés par eux la quantité nécessaire de blé, ou dans le cas visé au paragraphe précédent des produits remplaçant le blé, le Gouvernement turc s'engage à mettre la différence en devises libres à la disposition des intéressés, à l'échéance par l'entremise du Nederlandsch Clearinginstituut

4 La livraison du blé mis à la disposition des intéressés néerlandais se fera f.o.b. Istanbul. Le prix f.o.b. Istanbul ne pourra pas surpasser la moyenne des prix cotés pour le blé de qualité analogue sur les marchés

de Rotterdam (c.i.f.)
de Liverpool (c.i.f.),
d'Istanbul-Export (f.o.b.)

5. Toutefois, la moyenne ainsi fixée ne pourra être supérieure, en aucun cas, à la moyenne des prix des marchés de Rotterdam et de Liverpool plus 5 pour cent de cette moyenne

6. Les dates auxquelles les intéressés néerlandais seront tenus de prendre livraison de ces blés, ainsi que la durée des engagements du Gouvernement turc pour tenir ces blés à leur disposition, seront indiquées dans les contrats à passer

7 Le type du contrat de vente à adopter, les détails de livraison d'ordre technique, ainsi que la procédure à suivre pour le règlement des différends pouvant surgir entre autres au sujet de la qualité des blés livrés et pouvant avoir une répercussion sur les prix, seront fixés par les contrats à passer entre les autorités turques et les intéressés néerlandais.

ARTICLE 8

Les dispositions du présent protocole resteront en vigueur jusqu au règlement intégral des annuités prévues dans les contrats.

Signé à Ankara le 27 février 1937

[E 1606/313/44] No. 52.

Sir P. Loraine to Mr. Eden.—(Received March 19.)

(No. 79. Private and Most Confidential.)
(Telegraphic.) *Angora, March 18, 1937*

ON 16th March I was received by President of the Republic in order to present The King's letter announcing His Majesty's accession and my new letters of credence.

Being aware that Air Ministry would be glad if Turkish General Staff chose to profit by experience and technical knowledge of the air attaché and understanding that Admiralty were similarly minded as regards naval attaché, I used an opportunity in the ensuing conversation to throw out a hint to this effect to the President. I had already explained to him that the functions of the present naval attaché, in contrast with those of his predecessor, concerned only two other capitals besides Angora and those of countries that were Turkey's close friends and partners, and that air attaché had no duties except in Turkey. I also expressed the high opinion I had myself formed of professional qualifications of both officers. His Excellency, as I had anticipated, was obviously interested and gratified.

He has lost no time in acting on my hint, and has already sent word to Turkish General Staff that they should take advantage of suggestion and profit by experience both of my naval attaché and my air attaché. Last night he saw air attaché at supper in a restaurant, sent for him and informed him accordingly.

I greatly trust my confident expectation of your approval and also that of your colleagues in the Admiralty and Air Ministry of my action and its results is not misplaced.

I should add that my sense of the position here convinces me that any similar action as regards military attaché would be inadvisable and unsuccessful, for Turks do not require advice about their army. They do need it as regards the fleet and air arms. I conjectured from the way things have been developing (please see my private letter of 12th March) that British advice might now be welcome in a discreet form and without expense to Turkish Government. The bow I drew somewhat at a venture seems to have scored a bull's eye.

E 1592, 141/44] No. 53.

Sir P. Loraine to Mr. Eden. (Received March 19.)

(No. 82. Confidential.)
Telegraphic.) *Angora, March 18, 1937*

TURKISH Minister for Foreign Affairs tells me that Roumanian Minister for Foreign Affairs, who arrived at Angora yesterday, has raised with him the question of a Black Sea Pact only open, of course, to the four riverain States.

According to Dr. Aras, Roumania is rather pressing about it and Russia quite ready to participate. He has not committed himself as yet to anything more than a study of the suggestion, but he has made it clear to Roumanian Minister for Foreign Affairs that the limit to which Turkey might agree to go would be a Pact of Non-Aggression and consultation, that she would not participate in a Pact of Mutual Assistance, and that if Bulgaria did not for any reason wish to be a signatory, Turkey would wish the pact to be left open to subsequent Bulgarian adhesion.

To me he said that, outside provisos mentioned in preceding paragraph, he had no very strong feeling about the suggestion one way or other. On general grounds he would not wish to thwart the desire of his Roumanian and Russian friends to conclude an agreement, of which the purpose was to minimise the risk of collisions, increase security, and publicly [group undecypherable] the *status quo* in the Black Sea region.

The pact might also have useful though negative effect of keeping Roumania away from the embraces of another Power wishing to establish itself on the shores of the Black Sea.

By refusing at once to consider Turkish participation in mutual assistance he felt that he had eliminated a possibly harmful element, but, before he got

engaged in any discussions, he would like to feel convinced that the pact limited to non aggression and consultation, even if in practice it was not much more than a gesture to the good, at all events could not do any harm

Before going any farther in the matter he would immensely value your opinion He has been very much impressed by your penetrating analysis of considerations relating to German and Italian reservations to Montreux, so that if on this occasion you express opinion that a pact thus limited in scope was sufficiently innocuous, he would feel able, without anxiety, to content his Roumanian and Russian friends by collaborating in its negotiation

Pending reply, which he greatly hopes you will feel able to give he will not get himself entangled Matter is not desperately urgent

(Repeated to Bucharest Sofia and Moscow Saving)

[E 1317 91/44] No 54

Mr Eden to Bay Fethi Okyar

Your Excellency, *Foreign Office, March* 23 1937

IN your note of the 31st October 1936 your Excellency was so good as to furnish me with your observations upon the arguments used in my note of the 25th September, 1936 addressed to Bay Sedat Zeki Ors respecting the claims of the heirs of the late Sultan Abdul Hamid to certain properties situated in Palestine Cyprus and Iraq, and to express the hope that His Majesty's Government in the United Kingdom would in the light of these observations be willing to meet the claims, or failing that to agree to the submission of the dispute to arbitration This note, like your earlier communications on the same subject has been submitted to careful examination by the competent departments of His Majesty's Government and I now have the honour to reply to the various points raised by your Excellency therein For the sake of clarity I propose to deal with your note paragraph by paragraph

2 In paragraph 2 of your note your Excellency states that the rule enunciated in my note of the 25th September that a Government may only support a private claim diplomatically when the private claimant has exhausted his remedies in the municipal courts applies only when the claim is founded on municipal law and does not hold good in the case of claims based upon international treaties His Majesty's Government while happy to find that they are in agreement with the Turkish Government as regards the general validity of this rule, cannot agree that there is any such exception as is alleged in your Excellency's note for the existence of which no authority is adduced Indeed when the *raison d'etre* of the rule, in cases where claims are based on alleged breaches of international law or treaty, is understood it is seen that there is no reason for any such exception The *raison d'etre* in such cases (*i.e.*, where the cause of complaint is an act, committed by the authorities of a State, which is alleged to be contrary to international law or the treaty obligations of that State) is given in an authoritative form in the decision rendered by Dr Bagge on the 9th May 1934 in the arbitration proceedings which took place in that year between the United Kingdom and Finland in regard to the use of certain Finnish vessels during the war

3 The passage in question (see *Decision regarding certain Finnish Vessels used during the War*, His Majesty's Stationery Office No. 59 67, p. 24) reads

> " If what the parties in these respects contend is correct and the arbitrator is of the opinion that it is so then it appears that the *raison d'être* of the local remedies rule, in a case of an alleged initial breach of international law can be solely that all the contentions of fact and propositions of law which are brought forward by the claimant Government in the international procedure is relevant to their contention that the respondent Government have committed a breach of international law by the act complained of must have been investigated and adjudicated upon by the municipal courts up to the last competent instance, thereby also giving the respondent Government a possibility of doing justice in their own, ordinary way "

Another earlier passage in the same decision (also on p. 24) reads :

> " In this case (*i.e.*, where the complaint is not a denial of justice in the courts but an alleged initial breach of international law committed by the authorities of the State) the local remedies rule serves only the function explained by the British Government and accepted by the Finnish Government to the effect that the respondent State is entitled, first of all, to discharge its responsibilities by doing justice in its own way, but use to the investigation and adjudication of its own tribunals upon the question of law and fact which the claim involves, and then on the basis of this adjudication to appreciate its international responsibility and to meet or reject the claim accordingly

I attach a copy of this document for your convenience(1) and desire to observe that the view expressed by the arbitrator is reinforced by the fact that it is customary for States, in order to carry out international obligations affecting individual persons, to incorporate these obligations in their municipal law so that they can be enforced through the local courts

4 The passages which I have quoted will I think, be sufficient to demonstrate to the satisfaction of the Turkish Government that so far as the local remedies rule is concerned the distinction which they have sought to draw between claims based on municipal law and claims based on international law is not one which affects the application of the rule The *raison d'être* of the rule as applied in these two classes of cases may be different but the rule itself applies equally in both classes, as the proceedings in the arbitration before Dr Bagge indicated The reference to the rule in your Excellency's note quoted a portion only of the definition of the rule given in my earlier note I there stated that before a Government is entitled to support a claim diplomatically it must be in a position to show not merely that all municipal remedies have been exhausted, but that the remedies have been exhausted and also that the decision either constitutes a denial of justice (*i.e.* where the claim is based on municipal law) or is otherwise contrary to the international obligations of the other Government (*i.e.*, where the claim is based on a treaty or international law)

5 Before leaving this part of your Excellency's argument I must make it clear that His Majesty's Government are entirely unable to accept the suggestion (if this suggestion is intended by the end of paragraph 2 of your Excellency's note) that this rule can be set on one side because the Turkish Government feel doubts as to the independence of the municipal courts before which the claim should be brought In most countries the courts of justice are in theory independent of the Government In all countries under British administration they are independent, not merely in theory, but in reality The courts of Palestine are bound to take into account the Treaty of Lausanne because the Treaty of Lausanne is part of the law of Palestine But in all matters lying within their jurisdiction, which certainly includes the disposal of real property situated in Palestine, they are free to interpret the treaty in their own way and are in no way bound to accept the interpretation suggested to them by the Government of the country In any case the suggestions, even if it were true would be irrelevant in view of the *raison d'être* of the rule in these cases– namely, that the respondent State is entitled before defining its attitude to an international claim, to have the benefit of the opinion of its own courts upon it and to have the opportunity of doing justice through those courts.

6 In paragraph 3 your Excellency states that the rule that a Government may only support a claim diplomatically when the claim is and always has been vested in one of its own nationals is not universal I take leave, to begin with, to draw your attention to the apparent contradiction between the last two sentences of this paragraph, the first of which states that cases are on record in which diplomatic support has been accorded and accepted even though the interest in the claim did not belong to nationals of the supporting State and the second that the essential criterion is that the claim should belong to a national of the supporting State by whom it has been acquired in good faith at the moment when diplomatic action is taken But I do not wish to dwell upon this contradiction because His Majesty's Government are unable to accept as a general principle either of the two propositions for which your Excellency quotes no legal support and both of which are opposed to the opinions of the best authorities.

(1) Not printed

7. For example, Borchard (Professor Edwin M Borchard *The Diplomatic Protection of Citizens Abroad, or the Law of International Claims*· The Banks Law Publishing Company, New York, 1928 edition, p 666, Section 309) states

> " The conclusion is inevitable that under ordinary circumstances a claim to be considered a national claim must be national both in origin and at the time of presentation Moreover, according to the weight of authority, it must be continuously national in ownership, so that if at any time after its origin it has passed out of national hands or lost its national character its nationality is not merely suspended but is completely destroyed, so that its reassignment to a citizen cannot revive its original nationality "

I would also draw your attention to the following passages in Professor Borchard s work which deal more fully with this question Sections 285 (p 628) 290 (p. 636). 291 (p 637), 306 (p. 660), 307 (p 662) and 308 (p 664), and to the fact that Professor Borchard s statements are all based on the authority of decisions of international tribunals which are cited in support of the conclusions which he sets out in the work

8 In paragraph 4 your Excellency deals with the question of the extent to which the Turkish heirs have assigned their interests in the claim to non Turkish companies I would observe that this paragraph adds nothing to the information already in the possession of His Majesty s Government in regard to this question The present position is that the Turkish Government have put forward a claim on behalf of a limited number of persons who they say are still of Turkish nationality For the reason given in paragraph 20 below in particular His Majesty s Government contest the claim of these persons widows of the late Sultan to put forward a claim to this property but even upon the hypothesis that they are heirs it is noteworthy (as shown in paragraph 4 of my note of the 25th September 1936) that various non Turkish companies maintain that the interest in this same claim is now their property to the entire exclusion of the persons concerned In these circumstances His Majesty s Government find themselves obliged to repeat their request for full information regarding the transactions which have taken place between the Turkish heirs and any foreign individuals or companies This information might I suggest, take the form of certified copies of all correspondence, including formal agreements which has passed between the Turkish heirs and the foreign individuals or companies concerned with sufficient particulars to indicate the true controlling interests in these companies Pending a full elucidation of all these transactions His Majesty's Government regret that they are unable to depart from their present attitude, which is that until it has been proved to their satisfaction that the claim put forward by the Turkish Government is now and always has been vested in Turkish nationals, and that all local remedies have been vainly resorted to, they cannot recognise the right of the Turkish Government to support this claim diplomatically

9 In paragraph 5 your Excellency states, if I understand correctly, that the fact that Iraq has become independent since the Treaty of Lausanne was signed cannot affect the right of Turkey to prefer a claim based on the Treaty of Lausanne against His Majesty s Government, i e against a signatory of the treaty undertaking by that treaty obligations as regards the territory of Iraq In this connexion I have the honour to draw your attention to article 8 of the Treaty of Alliance concluded between the United Kingdom and Iraq on the 30th June 1930 which reads —

> " The high contracting parties recognise that, upon the entry into force of this treaty, all responsibilities devolving under the treaties and agreements referred to in article 7 hereof (i e earlier treaties between the two parties) upon His Britannic Majesty in respect of Iraq will in so far as His Britannic Majesty is concerned then automatically and completely come to an end, and that such responsibilities in so far as they continue at all will devolve upon His Majesty the King of Iraq alone
>
> ' It is also recognised that all responsibilities devolving upon His Britannic Majesty in respect of Iraq under any other international instrument in so far as they continue at all should similarly devolve upon His Majesty the King of Iraq alone, and the high contracting parties shall immediately take such steps as may be necessary to secure the transference to His Majesty the King of Iraq of these responsibilities '

The Treaty of Lausanne is included among the international instruments covered by this article, as was announced by the Prime Minister of Iraq in the Iraqi Parliament on the 16th November 1930

10 In addition to these specific arrangements there are, under ordinary international law, certain treaty obligations which attach to the possession of any given territory and pass with that territory from one sovereign to another In the opinion of His Majesty s Government any obligations arising out of the Treaty of Lausanne in regard to real property in Iraq fall essentially into the class of obligations which pass in this manner That this is so will be at once apparent if the provisions of the relevant article of the treaty are considered in connexion with the status of the territories detached from the Ottoman Empire by the treaty Article 60 of the Treaty of Lausanne does not provide that the signatory Powers other than Turkey shall succeed to certain rights, and therefore to certain obligations, in the territories detached from the Ottoman Empire under the treaty It provides, on the contrary that the States in whose favour the territory is detached shall do so Now His Majesty the King has never been the sovereign of any part of the territory of Iraq in the full sense that he is sovereign over the United Kingdom or a British colony Even if the time of the signature of the Treaty of Lausanne Iraq was already a separate State although under a mandate she was not a fully sovereign State It clearly follows therefore that any rights and obligations inherent in article 60 in respect of Iraq territory devolved not on the first portion of Iraq which became bound by the signature of the Powers acting in a mandatory capacity and that the obligations of His Majesty s Government in respect of Iraq were undertaken in that capacity So long as that mandatory position continued His Majesty s Government were responsible in a greater or lesser (but steadily diminishing) degree for the conduct of Iraq s foreign affairs and had the Turkish Government desired to discuss the question of the properties in Iraq at that time, they would no doubt have been entitled to carry on the discussions with or through His Majesty s Government until such time as the mandatory position came to an end and to have looked for assistance from His Majesty s Government in case of need as the Power responsible for the performance by the Iraqi Government of their international obligations But in fact the mandatory responsibilities of His Majesty s Government terminated firstly with the entry of Iraq into the League of Nations in 1932 and it was not until 1934 that the Turkish Government first put forward the claim In these circumstances, His Majesty's Government must decline all responsibility in regard to the properties situated in Iraq

11 In the same paragraph (No 5) your Excellency maintains that article 60 of the Treaty of Lausanne is alone applicable to the question of the properties situated in Cyprus The view of His Majesty s Government as expressed in my previous note is that article 60, which by its own terms applies either to (*a*) " territories detached from the Ottoman Empire after the Balkan wars," or (*b*) " territories detached from the Ottoman Empire by the present treaty " i e the Treaty of Lausanne, does not as a consequence apply to Cyprus which was certainly not detached as a result of the Balkan wars, and was not detached by the treaty either seeing first that its annexation in 1914 is recognised by Turkey in article 20 and secondly that in the nationality chapter (articles 30 *et seq*) the words " territory detached from Turkey under the provisions of the present treaty " do not cover Cyprus because Cyprus has in the treaty a nationality article of its own The fact that the expressions used in article 60 do not cover Cyprus is shown clearly if the terms of this article are compared with those of article 65 (2) and (3), where the expressions (*a*) and (*b*) of article 60 referred to above are found preceded by another which clearly does cover Cyprus namely " territories subject to the sovereignty or *protectorate* of the Allied Powers on the 20th October 1914 Where therefore the treaty intends to apply a provision to Cyprus additional appropriate expressions not found in article 60 are used Furthermore a claim in respect of these properties in Cyprus based on article 65 (2) and (3) has been made before the Mixed Arbitral Tribunal and rejected To sum up, the omission of Cyprus from article 60 was intentional This is shown by the drafting of article 60 itself and is explained by the considerations set forth in the following paragraph, which show that even if the Iradés of 1908 and 1909 had never been promulgated the war of 1914 18 had never been fought, and the Treaty of Lausanne had never been signed, there would

not have existed in Cyprus to-day any properties the possession of which would have been legally and effectively vested in the heirs of the late Sultan Abdul Hamid

12. The facts relating to the properties said to have belonged to the late Sultan Abdul Hamid in Cyprus are as follows. On the 17th July, 1878, shortly after the British occupation of Cyprus, the British administration of the island suspended entirely all sales of land, and this was followed by the appointment of a commission of Turkish and British officers to report generally upon the ownership of land in the island and especially upon the extent of the property belonging to the Turkish State or to the Sultan in a purely private capacity. This commission reported on the 9th September, 1878, to the effect that the evidence submitted to them in support of the alleged acquisition by the Sultan of certain properties to which he laid claim (then only two in number) was insufficient, and declared categorically that the Sultan owned no private property on the island. On the 24th October 1878, however, a memorandum was communicated to Her Majesty's Ambassador at Constantinople regarding these and other properties of which the Sultan claimed to be the rightful possessor, a further list of such properties was shown to Her Majesty's Embassy in the 30th November, 1878, and a full list (amounting to twenty-one properties in all) was communicated on the 17th February, 1879. The British Administration were unable, however, for various reasons, to regard the Sultan's title to these properties as valid or to admit the alleged purchases to registration in the Land Registry of the island. Among these reasons were

(*a*) That the alleged sales, which had been made by the Ottoman Government related mainly to property of a kind which the Ottoman Government was not free to sell under article IV of the Annex to the Anglo-Turkish Convention of the 4th June, 1878, and in any case took place after the 17th July, 1878, *i.e.* at a time when all land transactions were suspended; and

(*b*) That the sales were not carried out in accordance with the proper formalities, the authority that performed these formalities not being at that time competent to do so.

13. Much discussion ensued in the course of which Her Majesty's Government indicated that private purchases made by the Sultan would be respected to the same extent as, but to no greater extent than, similar purchases made by any private person, and this discussion continued for some time. But no developments seem to have taken place after 1887, and His Majesty's Government cannot admit that a claim which the Sultan himself failed to pursue through so long a period can now be pursued by his heirs.

14. With regard to paragraph 6, I agree that article 60 of the Treaty of Lausanne is, if not the sole ground of discussion, at any rate the principal ground so far as the merits of the claim are concerned.

15. But I regret that I cannot follow the reasoning contained in paragraph 7 with regard to the effect upon the interpretation of article 60 of the discussions recorded in the *procès verbaux* of the Conference of Lausanne. In fact the developments in the drafting of article 60, as disclosed in the *procès verbaux*, support precisely the contrary argument to that advanced by your Excellency. A full examination of the *procès verbaux* would however occupy a considerable amount of space, and for this reason I do not think I can do better than to communicate to you an opinion which has been written by Dr. B. Haladjian, a former advocate in the city of Constantinople, and at one time Minister of Commerce and Public Works of the Ottoman Empire. Paragraphs 28 to 30 of Dr. Haladjian's opinion will be found to deal fully with this subject.

16. I would interpose at this point with regard to Dr. Haladjian's opinion that I am confident that not only the paragraphs quoted in the preceding paragraph but the whole document will be found by the Turkish Government to be a contribution of the highest value towards the elucidation of the facts of this claim, and of the legal principles in the light of which it ought to be considered.

17. In paragraph 8 your Excellency maintains that the irades of 1908 and 1909 were not recognised as valid by all succeeding Turkish Governments without distinction but were on the contrary maintained in force until 1920 only. As the Turkish Government are aware, His Majesty's Government do not recognise the irade of the 21st January, 1920 (with regard to which the High

Commissioners of the United Kingdom, France and Italy in any case made all reserves at the time), as having had any effect in the territories of the Ottoman Empire at that time occupied and administered by the Allied Powers. This point is more fully developed in paragraph 49 of Dr. Haladjian's opinion. Further, as stated in paragraph 17 of my previous note, Turkish Law No. 431 of 1924 recognised the effect of the irades. In connexion with this same paragraph I may observe that I am not clear to which passage in my earlier note the last sentence is intended to refer.

18. In paragraph 9 your Excellency states that the judgment given in the case of Marie Masurus affords no precedent for denying the right of the Turkish Government to claim in the capacity of the heir of Fatma Kadin, the share of the property in Palestine and elsewhere formerly belonging to Fatma Kadin. When the case of Marie Masurus was before the courts in this country the representatives of the Crown defended the action (as it proved with success) on the ground selected by the Turkish Government itself, that is to say the right of the Turkish Government to succeed to the property under the Shariat law. But this does not mean that in the view of His Majesty's Government the law obtaining in one State can in any way affect the rights of another State as *pater patriæ* within its own territory or that a State can by its own legislation give itself the status of an heir to a deceased national, so as to succeed in that capacity to property situated abroad. Their view is, on the contrary, that every State is entitled to take possession of all *bona vacantia* found within its territory and that *bona vacantia* means the property of persons dying intestate and without legal heirs, whatever the nationality or domicile of the deceased person may be. There is, indeed, no reason *prima facie* why the deceased person's own Government should not succeed to such property by inheritance, and if the deceased person left a will directing that it should pass into the possession of his own Government there is no reason why the provisions of such a will should not be accepted as a valid bequest. There are, however, no grounds for supposing that the succession of a State to the property of one of its nationals otherwise than by will can be regarded in a foreign country as a succession by inheritance, whatever words are used in its legislation. Any legislative enactment enabling a State to take possession of the property of its intestate nationals in the absence of legal heirs is merely an affirmation of the sovereign rights of that State. But sovereign rights can only be exercised within a State's own territory, and not within the territory of other States except in so far as their exercise is compatible with the sovereign rights of those other States. For this reason His Majesty's Government cannot admit that the entry into force of the new Turkish Civil Code could affect the rights of the Governments of Palestine and Cyprus to the possession as *bona vacantia* of the property, if there were any, left by a foreign national such as Fatma Kadin within their territories. Moreover, the new code does not appear in any case to have quite the effect which your Excellency suggests, since paragraph 448 reads —

> "La succession d'une personne décédée sans *laisser d'héritier* est dévolue à l'Etat,

a form of words which is irreconcilable with the suggestion that the Turkish State is itself the heir within the ordinary meaning of the term.

19. I would add in this connexion that by its judgment of the 7th May, 1935, the Franco-Turkish Mixed Arbitral Tribunal declared to be inadmissible the claims of the widows of the Sultan to property which belonged to the Sultan with provision for its transmission to his children. On the analogy of this judgment it is permissible to regard the intervention of the Turkish Government on behalf of the widows in question, or on its own behalf as the heir of one or another of these widows, as inadmissible also.

20. Finally your Excellency raises in paragraph 10 the question of arbitration. His Majesty's Government much regret that they do not feel called upon to accept this suggestion for the reasons among others that in their opinion the Turkish Government have no *locus standi* for intervening between His Majesty's Government and the heirs so long as the nationality of the claim is undetermined and that the Turkish Government are not entitled to take the case up at all so long as municipal remedies have not been exhausted.

21. Before concluding this note, I desire to express my sincere regret at the inability of His Majesty's Government in this matter to meet the views of a

Government with which they are on terms of such cordial friendship. I assure your Excellency that His Majesty's Government would not adopt this attitude were they not convinced of its justice both in law and equity. Reduced to its simplest terms, their case in regard to Palestine is this: the property of Sultan Abdul Hamid was abandoned and transferred to the State by acts of the Ottoman Empire in the years 1908 and 1909, as a consequence of these acts it became in law and in fact the property of the Ottoman State, the patrimony, in other words, of all the inhabitants of the Ottoman Empire. In due course when the Empire was divided, the property was divided also and the divisions became, in their turn, the patrimony of the inhabitants of the various Succession States, this view is adopted in article 60 of the treaty, and His Majesty's Government are satisfied that when Palestine came under their control that part of the property situated in Palestine was in law and in practice State property. In consequence, while they deplore any hardship which the acts of the Ottoman Empire in 1908 and 1909 may have caused, they cannot without a breach of faith towards the inhabitants of Palestine part with the property or press the Government of Palestine to pay compensation unless it is proved that contrary to their conviction, the property was not when they took control of Palestine State property, i.e. not covered by the trades. This, in their opinion can only be proved in the courts of Palestine. They believe that this attitude is shared in its main lines, by all the Successor States, and I feel sure Turkey where so far as they know none of the heirs has been placed in possession of the share of the property remaining on Turkish soil; but even if it were otherwise this would not affect their conception of their duty. In regard to Cyprus their case is simpler still that the property never belonged to Sultan Abdul Hamid, and that if any person claims that it did so his remedy (if the claim is not time barred) is to apply to the courts of Cyprus. In regard to Iraq, as I have already indicated, they can accept no responsibility.

22. I sincerely trust that the arguments used in the present note and in the opinion of Dr. Haladjian sent herewith(1) will convince the Turkish Government of the justice of the attitude which His Majesty's Government have adopted; but while I shall always be ready to consider in the most friendly manner any further observations which the Turkish Government may wish to make or to furnish any further explanations which they may require, I feel it to be due to the frankness which should attend the relations between our two countries to make it clear that there is no hope that this attitude can be modified.

I have, &c.
ANTHONY EDEN

(1) Not printed.

[E 1790/466/44] No. 55.

Sir P. Loraine to Mr. Eden (*Received April 1*)

(No. 153.)
Sir, *Angora, March 18, 1937*

I HAVE the honour to transmit to you herewith a copy of a despatch from His Majesty's consul at Mersin in regard to the recent visit of the Turkish Minister of the Interior to Cilicia. I would draw your attention to M. Şükrü Kaya's evident determination to conciliate, and to assimilate the Arabic-speaking inhabitants of the province.

I have, &c.
PERCY LORAINE.

Inclosure in No. 55.

Consul Matthews to Sir P. Loraine

(No. 25.)
Sir, *Mersin, March 9, 1937*

I HAVE the honour to report, with reference to my telegrams by post, Nos. 7 and 10, Saving, of the 24th February and the 9th March respectively, regarding the visit of the Minister of the Interior and Secretary General of the People's party to Cilicia, that during the first part of his stay at Mersin M. Şükru Kaya

went daily on shooting expeditions in the neighbourhood of Mersin, chiefly in the country adjoining the Mersin Silifke road. Local people noted with interest that on these expeditions he was accompanied by a local fellah, one of whose occupations is that of a professional hunter. M. Şükrü Kaya, who was accompanied by his wife and some other members of his family, put up in the house of the Mayor of Mersin situated near the sea front.

On the evening of the 1st instant, at a meeting at the local People's House, the Vali of Mersin M. Ruknuddin Nasuhioglu, acting on the instructions of the Minister of the Interior, declared that there must be no discrimination against the Arabi-speaking section of the population known as the fellahs, and that their quarter was to be provided with roads and electric light. The Vali was followed by Dr. Kamil Ersoy, himself a fellah, who declared that the fellahs were all good Turks who should not be molested for speaking Arabic. The remedy was to open schools and teach them Turkish.

A few evenings later, M. Sukru Kaya himself addressed a meeting at the Mersin People's House on the same subject. He deprecated calling the Arabic-speaking inhabitants of Cilicia fellahs, and suggested calling them Hittite Turks (Cilli Turkler). He proposed the formation of cultural committees at Mersin, Tarsus and Adana, to promote the common culture of all the Turks of Cilicia and to spread a knowledge of the Turkish language among those Turks who speak other languages. The local Deputies or members of the Karautay were to be *ex officio* members of these committees at Angora. M. Sukru Kaya's proposal was accepted with enthusiasm at Mersin and subsequently at Tarsus and Adana.

On the 5th instant M. Sukru Kaya met a number of local export merchants at the Chamber of Commerce and assured them that the Government would take the necessary action with regard to the situation which had arisen through the breakdown of the clearing arrangements with Germany. He promised on his return to Angora to speak to the Minister of National Economy on the subject.

On the 4th instant I had an interview with M. Sukru Kaya, who could not have been more friendly. He reminded me that it was twenty-three years since we had spent several weeks together in Western Anatolia as members of the late Talaat Pasha's commission to enquire into the expulsion of the Greeks from Asia Minor, spoke in the warmest terms of the great services rendered by your Excellency in the consolidation of Anglo-Turkish relations and enquired if I had any complaints to make. We discussed the shortage of houses in Mersin, and he promised to have a consulate built for me by the municipality when the lease of the present premises expired, provided of course that I obtained the necessary sanction from my superiors.

I have, &c.
W. D. U. MATTHEWS.

[E 1792/566/44] No. 56.

Sir P. Loraine to Mr. Eden (*Received April 1*)

(No. 156.)
Sir, *Angora, March 19, 1937*

I HAVE the honour, with reference to my despatch No. 89 of the 12th February 1937, regarding certain changes recently effected in the Turkish Constitution, to transmit to you the accompanying translation of Law 3117, voted on the 8th February and published in the Turkish *Official Gazette* of the 18th February last.

2. It will be observed that the law is divided into two parts. The first part (articles 1 and 2) is concerned with the number of Ministers and the composition of the Cabinet. The second part (articles 3 to 9) defines in general terms the duties of the Parliamentary Under Secretaries of State, a new office, the creation of which was foreshadowed in my despatch under reference.

I have, &c.
PERCY LORAINE.

Enclosure in No. 56.

Extract from the Gazette officielle *of February* 18, 1937

Loi No. 3117 *concernant l'organisation des Départements d'Etat et les fonctions des Sous-Secretaires d'Etat parlementaires.—Votée le* 8 *février* 1937

I.—*Ministeres. Cabinet*

ARTICLE 1er. Les départements de l'Etat sont gérés par des Ministères et leur nombre varie entre douze et seize y compris la Présidence du Conseil. Les Ministres sans portefeuille dénommés Ministres d'Etat sont compris dans ces nombres.

Art. 2. Le nombre des Ministères s'accorde avec le nombre des membres du Cabinet, dont les noms sont annoncés à chaque constitution de Cabinet, par le Président du Conseil et approuvés par le Président de la Republique.

II. *Sous Secretaires d'Etat parlementaires*

Art. 3. Le Président du Conseil fixe le nombre des sous secrétaires d'Etat parlementaires et les départements dans lesquels ils sont appelés à travailler, un décret contenant ces détails devant être élaboré et ratifié.

En cas de besoin, plus d'un sous secretaire d'Etat parlementaire peuvent être choisis pour un département.

Art. 4. Les sous secretaires d'Etat parlementaires prennent part aux délibérations du Conseil des Ministres sur l'invitation du Président du Conseil. Ils ont voix consultative au Conseil des Ministres.

Art. 5. Les sous secretaires d'Etat parlementaires sont chargés de responsabilité personnelle pour les affaires déterminées qui leur seront confiées. Toutefois la responsabilité politique des Ministres envers la Grande Assemblée nationale pour ces affaires reste entièrement en vigueur.

Art. 6. Les fonctions des sous secretaires d'Etat parlementaires prennent fin à la suite de la démission collective ou de la crise du Cabinet. Toutefois, la démission ou chute isolée d'un Ministre n'entraine pas la retraite du sous secrétaire d'Etat parlementaire de son département.

Art. 7. Les fonctions des sous secretaires d'Etat parlementaires consistent en général, et dans le cadre des directives du Ministre responsable, à assister le Ministre dans toutes les affaires dont il a personnellement la charge; prendre les décisions nécessaires au sujet de certains services du département confié à leur charge, poursuivre et faire aboutir à la Grande Assemblée nationale, au nom des Ministres, les affaires du département et répondre au nom du Ministre aux questions qui leur seront posées.

Art. 8. Un décret spécial du Conseil des Ministres précisera les limites, degrés et genres des fonctions qui seront confiées aux sous-secrétaires d'Etat parlementaires et dont les principes sont indiqués à l'article 7.

Art. 9. Une allocation supplémentaire mensuelle de £T 200 sera accordée aux sous-secrétaires d'Etat parlementaires en sus de leurs allocations comme Député.

Art. 10. Cette loi entre en vigueur à la date de sa publication.

Art. 11. La Présidence du Conseil est chargée de l'application de la présente loi.

Le 16 *février* 1937

[E 1793/711/44] No. 57

Sir P. Loraine to Mr. Eden. (*Received April* 1.)

(No. 157.)

Sir, *Angora, March* 19, 1937.

I HAVE the honour with reference to my despatch No. 420 of the 7th August, 1936, to transmit to you the accompanying translation of Law No. 3123, voted on the 10th February and published in the Turkish *Official Gazette* of the 18th February, 1937, which is supplementary to Law No. 2848, regarding the regional distribution of the population in Turkey.

2. It will be observed that the present law makes certain concessions in customs duties and freight charges on timber imported for the construction of the dwellings of immigrants arriving in Turkey.

I have, &c.
PERCY LORAINE

Enclosure in No. 57.

Extract from the Gazette officielle *of February* 18, 1937

Loi No. 3123, *en appendice de la Loi* 2848, *concernant les modifications de certains articles de la Loi d'Etablissement* (*Distribution de la Population*). *Votée le* 10 *février* 1937

ARTICLE 1er. Les bois de charpente introduits en Turquie des pays étrangers sont exemptés des droits de douane et de tous autres droits ou impôts, sous réserve des conditions indiquées aux paragraphes ci-dessous (*a*) et (*b*) —

(*a*) Les bois de charpente que le Ministère de l'Hygiène et d'Assistance sociale importera ou fera importer depuis le début de l'exercice financier 1936 jusqu'à la fin de l'exercice financier 1945 pour les employer dans la construction des prisons et annexes et autres établissements à l'usage des émigrés en vertu des dispositions des Lois Nos. 2510 et 2848.

(*b*) Les emigrés qui sont arrivés en ces pays étrangers en vertu d'une autorisation, pour s'établir en Turquie et qui y sont entrés ou pour y habiter, depuis l'exercice financier 1936, suivant les prescriptions des Lois 2510 et 2848, et les emigrés dont les frais de voyage ont été supportés par l'Etat pourront importer avec eux des bois de charpente taxés jusqu'à concurrence de 5 mètres cubes par famille jusqu'à la fin de l'exercice financier 1945.

Si ces emigrés consentent à la taxe, ces bois à l'Administration des Emigrés à leur arrivée à la première porte d'entrée contre un prix fixé par l'Etat, ils seront aussi exemptés des droits à condition qu'ils possèdent les qualités déterminées par le Ministère de l'Hygiène et d'Assistance sociale.

Art. 2. Il est perçu un prix de transport de 50 pour cent inférieur au tarif minimum en vigueur pour les bois de charpente que le Ministère de l'Hygiène et d'Assistance sociale fera transporter par les Chemins de Fer d'Etat pour servir aux constructions affectées à l'établissement des émigrés.

Art. 3. Cette loi entre en vigueur à la date de sa publication.

Art. 4. Les Ministres des Finances, des Travaux publics, d'Hygiène et Assistance sociale, Douanes et Monopoles sont chargés de l'exécution de la présente loi.

E 1795/24/44] No. 58.

Sir P. Loraine to Mr. Eden. (*Received April* 1.)

(No. 160 F.)

Sir, *Angora, March* 22, 1937.

I HAVE the honour with reference to my telegram No. 1, Saving, from Istanbul of the 22nd February last to acquaint you with the following summary of a conversation which I am reliably informed recently took place between the Minister of National Economy and M. C. J. Giraud the head of the prominent Smyrna firm of that name.

The views expressed by M. Celal Bayar are interesting as collateral evidence in support of what I have already had the honour to report as regards the new reflection of Turkish economic policy. How far and how soon the under mentioned changes will be possible remains to be seen in view of Germany's present hold on Turkey in clearing account.

2. M. Bayar confessed that he was much concerned over the huge balance that had accumulated to Turkey's credit in Germany, and stated that he would take steps henceforward to ensure that Germany does not buy from Turkey more than Turkey can absorb from her. Turkey had now definitely made up her mind to trade to the utmost possible extent with countries which practised a liberal policy in regard to commerce, such as the United Kingdom and the United States, and with a view to increasing business relations with such countries, his Ministry was considering schemes for making quotations of Turkish produce attractive to them. As a means to this end a bounty might be granted to exporters to the countries in question (meaning, apparently, all countries which are in a position, and prepared to pay in free "devises"). This bounty will seemingly take the form of a higher rate for drafts than the official rate of exchange. It was hinted that if necessary up to £T 8 per pound sterling might be paid.

3. In addition, M. Bayar stated that Turkey had realised that no purpose was served in buying from Germany as that country possessing next to no raw materials was proving an expensive supplier. Certain other countries (not specified) which controlled important sources for the manufacture of their products were to be preferred as sources of supply.

4. I am sending copies of this despatch to His Majesty's representative in Berlin and to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

R 2288/1/22] No. 59

Mr. Eden to Sir P. Loraine (Angora).

(No. 54. Secret.)
(Telegraphic.) *Foreign Office, April 3, 1937.*

SIR O. SARGENT'S letter of 4th February. Italo-Yugoslav Treaty.

There are indications from very confidential sources that an Italo-Turkish Treaty on lines of Italo-Yugoslav Treaty may be in contemplation in Rome.

Nothing that has occurred since date of my despatch No. 35 of 4th February to Sir R. Campbell has diminished suspicion with which we regard ulterior objects of Italian policy. Present relations between Italy and Turkey are characterised by absence of tension as well as absence of cordiality. We think this had better remain so, and however innocuous were text of an Italo-Turkish Treaty we should regard with anxiety psychological enhancement of Italy's position in Eastern Mediterranean which it might be expected to produce. Article in *Times* of 1st April welcoming prospect of such an agreement does not therefore, represent views of His Majesty's Government.

On the contrary, it seems to us highly desirable in present circumstances that negotiations between Italy and Turkey should not be started, and you should, if you think it wise, use your influence with M. Aras accordingly. Obviously, however, greatest discretion on your part will be necessary.

(Repeated to Athens, No. 42, Rome, No. 126, Belgrade, No. 36, and Bucharest, No. 24.)

E 1803/141/44] No. 60

Sir P. Loraine to Mr. Eden (Received April 5.)

(No. 175.)
Sir, *Angora, March 26, 1937.*

I HAVE the honour to inform you that I to-day made a communication in the form desired by you and in the sense of the instructions conveyed to me by your despatch No. 140 of the 18th March to the Turkish Minister for Foreign Affairs in regard to the reservations formulated by the German Government to the Montreux Convention.

2. His Excellency had no hesitation in informing me that the Turkish Government's conception of the position coincided in every respect with your own. He pointed out that the next initiative if any, lay with the German Government. They might perhaps withdraw their reservations, which would clearly be the most satisfactory solution. But even if they did not, Turkey would continue to afford to German shipping the facilities laid down in the convention so long as there was no German act in contravention of its stipulations. Thus, if the German Government proposed to send a warship into the Straits of over 15,000 tons, the Turkish Government would disallow this under the terms of the convention. On the other hand supposing the Germans sent or proposed to send a warship into the Straits within the terms of the convention, such an approach would be welcome to the Turkish Government as involving a tacit recognition by the German Government of its provisions.

3. His Excellency in any case authorised me to inform you that no step would be taken by the Turkish Government as things stood now, to withhold from German shipping naval or commercial the benefits ensured to vessels of all nations by the provisions of the Montreux Convention. He added in confidence, that he considered that this was implicit in the note which he had addressed to the German Chargé d'Affaires in this capital.

4. I pointed out to him that nevertheless, the elucidation of the position which was sought by your instructions to me was useful and necessary. He entirely agreed and said that he was happy to be able to give such an elucidation and to find that once again the understanding of His Majesty's Government coincided with that of the Government of the Turkish Republic.

5. I am sending a copy of this despatch to His Majesty's Ambassador at Berlin.

I have, &c.
PERCY LORAINE.

R 2288/1/22] No. 61

Mr. Eden to Sir P. Loraine (Angora).

(No. 56. Secret.)
(Telegraphic.) *Foreign Office, April 5, 1937.*

MY telegram No. 54 of 3rd April. Italo-Yugoslav Treaty.

Please cancel last paragraph and substitute for it the following:

"On the contrary it seems to us highly desirable in present circumstances that negotiations between Italy and Turkey should not be started. You should not raise the matter on your own initiative or encourage M. Aras to raise it but if discussion is forced upon you your remarks should be guided by what precedes. Obviously, however, the greatest discretion on your part would be necessary, for Italian Government may well have got wind of the fact that in spite of the quiet welcome publicly accorded to Italo-Yugoslav Treaty we in fact viewed its signature with much misgiving. Our relations with Italian Government might be gravely prejudiced if they got to know that we entertained similar feelings in regard to an Italo-Turkish Treaty and much more so if they had reason to suspect that these misgivings had been expressed to Turkish Government."

(Repeated to Athens, No. 44, Rome, No. 130, Belgrade, No. 39, and Bucharest, No. 26.)

[R 2372/2372/22] No. 62

Sir P. Loraine to Mr. Eden (Received April 6.)

(No. 92. Confidential.)
(Telegraphic.) *Angora, April 6, 1937.*

YOUR telegrams Nos. 54 and 56.

I think my despatch No. 181, paragraph 5, and my despatch No. 183, paragraphs 5 and 6, will have given you an accurate indication of the general ideas that would guide the Turkish Government if Rome suggested an Italian-Turkish Treaty similar to Italian-Yugoslav Treaty.

2. Apart, moreover from the desire of the Turks to harmonise their policy in the Mediterranean with that of His Majesty's Government, their friendly relations with Russia and the obligations laid down in Russo-Turkish Treaty of 1925 and protocol of December 1929 will act as a brake, that was not present in the case of Yugoslavia, on any project to draw Turkey into closer political relations with Italy

3. Further, there is already an Italian Turkish Treaty of Friendship, and I have never detected any desire on the part of the Turks to widen its scope As you are aware their maxim is that Italian friendship is more dangerous than Italian enmity

4. Lastly my private letter to you of the 12th March will have given you the whole background of Turkish policy against which the Turkish Government can be expected to view any Italian proposals of the nature that your telegram suggests.

5. I suggest that there is one way in which I could approach the Minister for Foreign Affairs that is free from the disadvantages you indicate That would be to inform him in strict confidence of reported tendency in Rome and to ask whether you may rely on being consulted in the event of Rome making any overtures to Angora I am confident the answer would be a willing affirmative

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[E 1592 1592 44 No 63

Mr Eden to Sir P Loraine (Angora)

No. 57)
Telegraphic) *Foreign Office April 6 1937*

YOUR telegram No. 82 of 18th March Proposed Black Sea Pact

Subject to any comments by His Majesty's representatives at Moscow Bucharest and Sofia you may tell Dr Aras that provided that proposed pact is really limited to non aggression and consultation and provided also that it is made subordinate to the duties of the parties under the Covenant it seems to be legally innocuous.

You should however point out that whether proposed pact is legally innocuous or not the effect of all such instruments on outside parties is mainly psychological and that as certain Powers such as Germany and Italy might be suspicious if they came to hear about it, possibly in an inaccurate form from indirect sources in the course of the negotiations, he might do well to tell them frankly from the outset what was in his mind

(Addressed to Angora, No 57 Repeated to Moscow, No. 31 Sofia, No. 14, and Bucharest No 27)

[E 1806/1592/44] No. 64

Mr Peterson to Mr Eden (Received April 7)

(No. 63. Confidential)
Sir, *Sofia, March 25, 1937*

HIS Majesty's Ambassador at Angora has been good enough to send me a copy of his telegram No 82 of the 18th March concerning the suggestions put forward to the Turkish Government by the Roumanian Minister for Foreign Affairs as to a possible Black Sea Pact It may therefore be desirable that I should offer my observations upon the probable attitude of the Bulgarian Government to a pact of this nature

2 In the first place I doubt very much whether the present Bulgarian régime which is very hostile to communism would be prepared to join in a pact to which Soviet Russia was a party In the second place a Black Sea Pact would clearly involve recognition in some form of the Roumano-Bulgarian frontier in the Dobruja and I think it is almost certain that no Bulgarian Government could afford to sign such a pact except as the result of a full and satisfactory settlement of outstanding questions with Roumania Indeed even supposing on the part of the Roumanian Government a greater degree of generosity in the settlement of

minority questions than there seems reason to anticipate, the tacit abandonment of any claim to territorial revision in the Dobruja would be a large and bitter pill for Bulgaria to swallow so soon after the agreement with Yugoslavia, by which she has suspended, perhaps indefinitely her claims in Macedonia

3 On the other hand, the conclusion of a Black Sea Pact, to which Bulgaria was not a party, even if it were left open for her accession, would inevitably appear to be directed to some extent against her and would not therefore tend to improve her relations with either Turkey or Roumania.

4 I am sending copies of this despatch to His Majesty's representatives at Angora. Bucharest and Moscow

I have &c
MAURICE PETERSON

E 1922 1592/44] No 65

Sir R Hoare to Mr Eden - (Received April 7)

No 34)
Telegraphic) *Bucharest April 7 1937*

YOUR telegram No 28

Minister for Foreign Affairs says that he only raised question of Black Sea Pact in the sense that he mentioned abortive negotiations of 1933 saying that he understood Bulgaria then proved to be the stumbling block Turkish Minister for Foreign Affairs replied it was not Bulgaria but he himself who was opposed to it Now he was in favour of it, and proposed to sound the Soviet Government.

Roumanian Government if invited to do so, would probably accept non aggression pact but are not sure that they would welcome consultation too Mutual assistance they proposed to exclude

(Confidential)

They think Turkish Minister for Foreign Affairs has been garrulous, as Italian Legation has recently enquired whether pact of mutual assistance between Roumania and Turkey is under discussion

(Repeated to Angora)

E 1929/1592/44] No 66.

Sir P Loraine to Mr Eden (Received April 7)

(No. 95)
(Telegraphic) *Angora, April 6, 1937*

MY telegram No. 92.

Minister for Foreign Affairs, whom I made no attempt to draw on the subject, told me this afternoon that Greek Minister had been enquiring of him whether there was any truth in reports that Turkish Government were in negotiation with Italian Government The answer given was a clear denial

His Excellency added to me that he had no intention of negotiating with Italian Government, but that every now and then he discussed general situation in a friendly tone, especially, recently, as regards Italo-Yugoslav and Yugoslav-Bulgarian relations, and he had expressed hope that for everyone's sake Italy would cease being so disagreeable to the United Kingdom and make an effort really to improve Anglo-Italian relations, sentiments in which my Italian colleague expressed his personal agreement.

I may add that in local press there have been repeated references to an impending visit to Angora by Italian Minister for Foreign Affairs I am able to inform you on authority of Turkish Minister for Foreign Affairs that no such visit will take place earlier than the autumn and probably not till the end of November

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[E 1950/88/44] No. 67

Sir P. Loraine to Mr. Eden. (Received April 9.)

(No. 100.)
(Telegraphic.) *Angora, April 9, 1937.*

YOUR telegram No. 14, Saving, to Bagdad.

I think it would be better for me to speak in the sense of your views outright. If I maintain silence Minister for Foreign Affairs will almost certainly not revert to the subject, but will conclude that we are neither interested in, nor sympathetic to, his project and that we do not appreciate his friendly desire to consult us beforehand and to take our interests into account. Do you agree?

Apart from this fact as I have previously stated Turkish Government regard question of Mosul Vilayet as finally settled, and consider that their excellent relations with Iraq and with ourselves are an entirely satisfactory *quid pro quo* for their former pretensions. I do not myself think that direct rail communication between Asia and Iraq would appreciably increase Turkish powers of penetration into Mosul Vilayet which are already considerable. In any case, that danger seems to me so remote that I suggest present issue can safely be treated on its economic merits.

(Repeated to Bagdad.)

[R 2372/2372/22] No. 68

Mr. Eden to Sir P. Loraine (Angora).

(No. 62.)
(Telegraphic.) *Foreign Office, April 9, 1937.*

IN view of your telegram No. 95. Italo-Turkish relations action suggested in last paragraph of your telegram No. 92 is no longer necessary.

[E 1929/1592/44] No. 69

Mr. Eden to Sir P. Loraine (Istanbul).

(No. 1.)
(Telegraphic.) *Foreign Office, April 13, 1937.*

YOUR telegram No. 98 of 8th April. Black Sea Pact.

It was not my intention that Turkish Minister for Foreign Affairs should necessarily tell German or Italian Governments about proposed pact without consulting the other prospective parties to it, and I can well imagine that he might find Soviet Government unwilling themselves to make any communication to German or Italian Governments.

You may therefore act on original instructions with substitution of "proposed participants might do well" for "he might do well" and "their minds" for "his mind." You may also at your discretion make use of substance of paragraph 1 of this telegram.

(Addressed to Angora No. 1. Repeated to Moscow, No. 33, Bucharest No. 29, and Sofia, No. 17.)

[N 2062/1460/97] No. 70

Sir P. Loraine to Mr. Eden. (Received April 15.)

(No. 195.)
Sir, *Angora, April 6, 1937.*

I HAVE the honour, with reference to my despatch No. 132 of the 9th March regarding the appointment of Turkish officers to act as instructors at the Afghan Military College, to inform you that a number of appointments of Turkish specialists in other spheres have recently been announced. These include a director

of a training school for teachers, professors of education and psychology, and five doctors who are to act as instructors at the School of Medicine. I am informed by the Afghan Embassy that these announcements are correct.

2. I am sending a copy of this despatch to His Majesty's representative at Kabul.

I have, &c.
PERCY LORAINE.

E 2059/16/44 No. 71

Sir P. Loraine to Mr. Eden. (Received April 15.)

(No. 205 F.)
Sir, *Angora, April 9, 1937.*

I HAVE the honour to inform you that at the personal invitation of the Turkish Prime Minister and the formal invitation of the Sumer Bank which organised the ceremony, I was present on the 3rd April at the laying of the foundation stone of the iron and steel works to be constructed at Karabuk by Messrs. Brassert and Co. I was also invited by the Prime Minister, who performed the ceremony, to accompany his Excellency on a visit to the textile and aircraft factories at Kayseri and to the inauguration of a new textile factory at Eregli (Vilayet of Konia).

2. The proceedings are recorded in the attached memorandum prepared by the commercial counsellor who, with the counsellor of His Majesty's Embassy, was also invited to the ceremony. I enclose at the same time copies of the speeches delivered by the Prime Minister and by me myself (1).

3. It will be seen that the Prime Minister, inaugurating the "era of heavy industry" in Turkey, emphasised the importance of the Karabuk works from the point of view of national defence. He expressed complete confidence in the firm of Brassert and referred to the cordiality of its relations with the Sumer Bank. He then declared that the enterprise acquired a special importance from the fact that it was a manifestation of Anglo-Turkish friendship, a friendship the reality and worth of which were proved by the aid given by the Export Credits Guarantee Department to the scheme and by the confidence shown in Turkey by England. "We owe," he said, "the new era of rapprochement between our two countries to Dr. Tevfik Rustu Aras and to Sir Percy Loraine."

4. The Prime Minister then showed that the industrialisation of Turkey could never be achieved were it not for the Republican policy of State control. Apart from the State there existed in Turkey no organisation possessed of the necessary capital to create industries. Therefore a State controlled industry was essential.

5. He ended by stressing Turkey's will for peace in international affairs. He deplored the failure of the plans for a peace founded on disarmament and regretted the armaments race on which the peoples of the world were now engaged.

6. There is little doubt that the ceremony at Karabuk seemed, in the eyes of both Turks and foreigners, to be mainly a demonstration of Anglo-Turkish friendship. Dr. Aras, indeed, declared to me on the journey, that he had little doubt that foreign countries and principally Germany, would so interpret it. He professed to deprecate Ismet Inonu's reference to him as one of the two persons responsible for the intimity of Anglo-Turkish relations, for it would tend to give foreign statesmen, and chiefly German statesmen, the idea that he (Dr. Aras) was responsible for the direction which Turkish foreign policy took. He would not dare, he said, to take any line in foreign politics which had not been previously laid down for him by Ataturk and Ismet Inonu, or which had not received their previous approval.

7. In my speech I emphasised the important stage now reached in Anglo-Turkish relations and the collaboration of British and Turks in the arts of peace

(1) Not printed.

after being loyal allies or loyal adversaries in the arts of war I expressed my pleasure that Turkey had turned to England for help in founding the heavy industry in Turkey and assured my hearers that they would have the best that British genius, science and energy could give them.

8 Mr Brassert, chairman of Messrs Brassert and Co., explained the difficulties which would have to be overcome in carrying out the task entrusted to his company.

9 In conclusion I would say that the extraordinary attention paid to me throughout the whole trip to Karabuk, Kayseri and Eregli by the Turkish authorities, the prominence given to my presence among them in the press, and the way in which throughout the tour, I was taken into the confidence of the Prime Minister and the other Ministers in questions ranging over a wide field afforded further proof that Anglo-Turkish relations are now of a peculiarly intimate nature, and really seemed intended to confirm Dr Aras's phrase that Turkey has now deliberately linked her destinies to those of the United Kingdom.

10 I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

E 2061/466/44 No. 72

Sir P. Loraine to Mr Eden. (Received April 15.)

(No. 208.)
Sir *Angora, April 10, 1937.*

I HAVE the honour with reference to my despatch No. 156 of the 19th March 1937 to inform you that the appointments to the newly created posts of Parliamentary Under Secretaries of State were announced in the *Official Gazettes* of the 25th March and the 7th April.

2 The new Parliamentary Under Secretary of State for Foreign Affairs is M. Numan Menemencioglu the former Secretary General of the Ministry. Before receiving this appointment it was necessary for him to enter the Assembly, and he was accordingly elected to a vacant seat as Deputy for Gaziantep. M. Hebil Bati, Assistant Secretary-General, has been temporarily appointed Secretary General.

3 The same procedure was adopted in the case of the Under Secretary for Finance, M. Faik Baysal who was elected Deputy for Kayseri. The other appointments are as follows:

Justice: M. Salah Yarga.
National Defence: M. Necip Ali Kucuka, who took a leading part in the formation of the Turkish branch of the League of Nations Union in 1932.
Interior: M. Abdulmuttalip Oker, for many years *rapporteur* of the Internal Affairs Committee of the Assembly.
Education: M. Nafi Atuf Kansu, President of the Education Committee of the Assembly.
Agriculture: M. Ali Riza Ertem.
National Economy: M. Ali Riza Turel.
Public Works: M. Sirri Day.
Health: Dr. Hulusi Anatas, a former Mayor of Smyrna.

I have, &c.
PERCY LORAINE

(E 2078/16/44) No. 73

Contract between the Sumer Bank, Angora, and H. A. Brassert and Co. (Limited), dated December 1, 1936.—(Communicated by Export Credits Guarantee Department, Received April 16, 1937.)

THIS contract, made the 1st December 1936, between the Sumer Bank, Angora (hereinafter called "the bank") of the one part and H. A. Brassert and Co. (Limited) of London, England (hereinafter called "the contractor"), of the other part.

Whereas—

(1) The bank and the contractor signed a Financial Agreement at Angora on the 23rd June, 1936, concerning the installation of complete works in Turkey for the manufacture of iron and steel products.

(2) In the protocol attached to the Anglo-Turkish Trade and Clearing Agreement of the 2nd September 1936, the Financial Agreement is stated erroneously to have been signed at Angora on the 23rd July, 1936.

(3) Paragraph 5 of the Financial Agreement provided that a final delivery contract should be executed between the bank and the contractor in relation to the installation of the said works in Turkey which should set out, inter alia, the contract prices of and detailed terms of the arrangements for the purchase and completion of the said installation and also that as a condition precedent to the execution of such contract a supplemental contract should be made relating to the creation in London of an Anglo-Turkish organisation for the sale of Turkish products.

(4) The last mentioned contract relating to the creation in London of an Anglo-Turkish organisation for the sale of Turkish products was signed in London on the 29th September 1936, by Bay Faik Kurdioglu representing the Turkish Ministry of National Economy, and Mr. M. Mackenzie representing the contractor.

(5) This present contract together with its annexes is the principal contract (contract of delivery) referred to in paragraph 5 of the Financial Agreement.

Now it is hereby agreed by and between the parties hereto as follows:

Clause 1. In this contract the following expressions have the following meanings:

"The contract" means this contract together with the following annexes thereto, that is to say:

Annex I. General Conditions.
Annex II. Specifications (*).
Annex III. Plans (*).

"The works" means the installation at Karabuk of the complete plant for the manufacture of iron and steel products.

"The British part of the works" means the work to be done by the contractor under the contract including the supply of materials and equipment of British origin, the services of engineers for the supervision of the construction and erection of the works, and the control of work done on the site at Karabuk.

"Month" means a calendar month.

"*Force majeure*" means the existence of any of the causes of hindrance, suspension or delay which are referred to in Condition No. 12 of the General Conditions forming Annex I to this contract.

"The agent in Great Britain" means the authorised agent or agents of the bank in Great Britain, who shall have full and complete authority to inspect the works of any sub-contractor and to sign on behalf of the bank certificates that any materials and equipment which are to be the subject of

(*) Not printed.

tests before shipment in accordance with the General Conditions and Specifications have duly passed those tests

"The engineer" means the engineer for the time being or from time to time authorised by the bank to act as engineer or inspector for the purposes of the contract. In cases where no engineer has been so appointed or there is a vacancy in the office of engineer the expression "the engineer" means the bank or its duly authorised representative

Clause 2.—Annexes I, II and III referred to in clause 1 of this contract form an integral part of this contract and apply as if they were repeated and specifically set out in the body of this contract: provided that where anything contained in any of the said annexes is inconsistent with or differs from an express provision of this contract the express provision of this contract shall prevail and the inconsistent condition or stipulation shall be disregarded.

Clause 3.—During the continuance of the contract no provision or stipulation contained in the contract may be varied, added to or otherwise changed except by written contract between the bank and the contractor supplemental to and executed in the same manner as this contract, provided always that minor modifications in the works may be made by agreement in writing between the bank and the contractor which agreement may consist of an exchange of letters. If any exchanges of letters is proposed by one party and accepted by the other then the agreement arrived at by those letters shall be valid for all purposes whatever the question involved.

Clause 4.—The contractor will

(*a*) Sell and supply to the bank all requisite materials and equipment to be manufactured in and shipped from Great Britain for the works in accordance with the specifications and plans forming Annexes II and III to this contract,

(*b*) Supervise and take responsibility for the supervision of the erection, construction and starting up of the said plant at Karabuk and supply and remunerate the skilled supervisors necessary for that purpose and provide the necessary erecting tackle tools and equipment,

(*c*) Prepare the necessary engineering plans and drawings and exercise general supervision of the engineering and other work to be done on the site at Karabuk in connexion with the works.

Clause 5.—The contract price without interest to be paid by the bank is £2,745,000 sterling and the bank agrees to pay the said price in accordance with the provisions of clause 8 hereof. The said materials and equipment are sold c.i.f. Haydarpasa, provided that as soon as the bank satisfies the contractor and the shippers and insurers concerned that suitable facilities exist for landing the materials and equipment at an alternative port in the Sea of Marmora or the Black Sea the bank may substitute that port for Haydarpasa or may require the contractor to ship part of the materials and equipment c.i.f. Haydarpasa and part c.i.f. to such alternative port. The contractor will arrange to insure the materials and equipment comprised in the British part of the works against the usual risks from the time that they are placed on the ship in England until the time that they are unloaded on the site at Karabuk including crane risks. The expense of such insurance shall be divided into two parts one part of which shall cover the materials and equipment concerned up to their arrival alongside at Turkish port and also in the case of packages whose gross weight does not exceed 5 tons until they are unloaded from the ship at Turkish port by the ship's crane and shall be borne by the contractor. The other part of such expense shall cover the insurance of the materials and equipment concerned from the ship alongside at Turkish port or, as the case may be, from the point at which the packages not exceeding 5 tons in gross weight are unloaded to the time when they are unloaded on the site at Karabuk and this part of the expense shall be borne by the bank in addition to the contract price and shall be paid in cash in sterling. The contractor will arrange for the whole of these insurances on its own behalf and on behalf of the bank. The bills of lading which are to be effected by the contractor at its expense in connexion with the shipment of the said materials and equipment shall cover such materials and equipment from the time that they are put on board the ship concerned until the time that they arrive alongside in Turkish port or in the case of packages whose gross weight does not

exceed 5 tons, until they are unloaded from the ship in Turkish port by the ship's crane. From the moment that the said materials and equipment come alongside at Turkish port or, in the case of packages whose gross weight does not exceed 5 tons, from the moment they are unloaded from the ship at Turkish port, all risks affecting such materials and equipment shall be borne by the bank.

Clause 6.—The bank will at its own expense—

(*a*) Do everything in its power to facilitate the carrying out of the works and their supervision by the contractor,

(*b*) Carry out under the supervision of the contractor the whole of the works except the British part of the works,

(*c*) Provide all requisite Turkish labour both skilled and unskilled,

(*d*) Supply and deliver on the site of the works all requisite cement, lime, brick, timber, tile, sewer pipes, glass, coal, petrol and oil and such other local materials as may be required to enable the works to be carried out and completed and for testing the works during and after completion and starting them up,

(*e*) Supply all necessary Turkish interpreters, civil engineers, surveyors, time-keepers and a medical staff and first aid station which comply with Turkish law,

(*f*) Provide to the reasonable satisfaction of the contractor all suitable housing, accommodation and food for all employees of the contractor employed from time to time in the works, and provide free transport for them in Turkey for business purposes and free transport also in Turkey for all materials and equipment supplied by the contractor,

(*g*) Make all payments of whatever nature in connexion with the materials and equipment to be supplied by the contractor from their arrival at Turkish port as mentioned in clause 5 hereof until they are unloaded on the site of the works (including port dues, customs duties, freight, warehousing and other expenses) and pay the bank's proportion of the expense of insuring such materials and equipment until landed on the site at Karabuk as mentioned in clause 5 hereof and also the cost of such further or other insurance of the materials or equipment (if any) as may be required by the bank between their unloading on the site at Karabuk and the time when the works have been completed and accepted by the bank.

An estimate of the expenditure to be incurred by the bank upon the works in addition to the contract price is attached to the Specifications Annex II.

Clause 7.—The contractor agrees, unless prevented by *force majeure* or by some other cause or causes which are outside the control of the contractor (and provided that the work to be done in Turkey in connexion with the plant by Turkish labour is done with the requisite efficiency and speed to permit it), to complete the erection of the plant and to place the plant in working order not later than two years and six months from the date of the contract.

Clause 8.—The total contract price without interest thereon to be paid by the bank to the contractor in respect of the carrying out by the contractor of all its obligations under the contract is £2,745,000 sterling, and in respect of such total contract price, together with interest thereon payable half yearly as hereinafter mentioned, the bank will procure the Government of the Republic of Turkey to issue and will hand to the contractor Treasury Bills of the Government of the Republic of Turkey of the nature set forth in the next following clauses.

Clause 9.—Each of the said Treasury bills shall take the following form and shall be signed on behalf of the Government of the Republic of Turkey by a duly authorised agent of that Government, whose authority to sign and the efficacy of whose signature shall be officially communicated to the contractor by the Minister of Finance for Turkey through the British Embassy in Angora.

Number

£ *Dated*

"The Government of the Republic of Turkey for value received hereby promises to pay to H. A. Brassert and Co., Limited, or Bearer at Barclays Bank (Limited) at its head office in London, England on the day of 19 the sum of pounds sterling

Clause 10.—Payment of all moneys falling due from time to time in respect of the said Treasury bills shall be made without any deduction in respect of taxes, stamp duties, imposts or charges of whatever nature, present or future, created by the Government of the Republic of Turkey or by any municipal or other authorities in Turkey, all of which and all stamps and fees payable in Turkey in respect of the said Treasury bills or this contract or any invoice or document connected with this contract shall be paid by the bank.

Clause 11.—The Treasury bills shall be issued in sets. Every Treasury bill in a set shall be of equal amount and shall bear the same date of issue and shall be of an amount which includes not only the proportion of the principal amount of the purchase price payable to the contractor in respect of which that Treasury bill is issued, but also interest thereon at the rate of 5½ per centum per annum from the date of issue to the date of maturity of that Treasury bill. The date of maturity of the first Treasury bill of each set shall be that date falling on the 30th June or the 31st December, as the case may be, which first occurs after the issue of that Treasury bill. The dates of maturity of the remaining Treasury bills of each set, except the last, shall be at successive intervals of six months after the date of maturity of the first Treasury bill of that set, and the date of maturity of the last Treasury bill of each set shall be the 31st December 1944.

Clause 12.—The number of Treasury bills of each set shall be as follows:

In each set issued during the six months ending the 30th June 1937	16
In each set issued during the six months ending the 31st December 1937	15
In each set issued during the six months ending the 30th June, 1938	14
In each set issued during the six months ending the 31st December 1938	13
In each set issued during the six months ending the 30th June 1939	12

The intention is that Treasury bills for the whole contract price with interest thereon at the rate of 5½ per centum per annum shall have been issued to the contractor within two and a half years after the contract comes into force. But if for any reason any Treasury bills are issued to the contractor after that period the number in each set so issued shall be eleven.

Clause 13.—The Treasury bills shall be issued as follows. The contractor will from time to time present to the bank at Angora

(*a*) In respect of each shipment of materials and equipment comprised in the British part of the works, the usual shipping documents, that is to say, an invoice, an insurance policy of the nature set out in clause 5 hereof, a bill of lading and packing list and the requisite certificate of origin,

(*b*) In respect of contracts for erecting plant, tackle, tools and equipment required for erecting the works at Karaduk and shipped from time to time, an invoice showing the value to the bank of the use during the construction period of the shipment concerned, an insurance policy covering the usual risks, a bill of lading and a packing list and the requisite certificate of origin.

On receiving any of the above sets of documents the bank will against their receipt in Angora procure the Government of the Republic of Turkey to issue and will hand to the contractor a set or sets of Treasury bills in such convenient denominations as may be agreed between the contractor and the bank for the amount of the particular invoice concerned, together with interest thereon at the rate of 5½ per centum per annum from the date of issue up to the maturity of each of the Treasury bills in the set or sets concerned. Every Treasury bill issued in pursuance of this clause shall bear as its date of issue the date of the presentation of the relevant documents to the bank in Angora and shall be issued to the representative of the contractor in Angora whose appointment from time to time and address shall be communicated by the contractor to the bank.

Clause 14.—On every 25th March and 29th September commencing with the 25th March 1937 and ending with the 25th March 1939 the bank will procure the Government of the Republic of Turkey to issue and will hand to the contractor a set or sets of Treasury bills of the nature described in the previous clauses of this contract and bearing interest as there mentioned up to an agreed amount in respect of supervision.

Clause 15. The total face value of all the Treasury bills to be handed to the contractor in pursuance of the foregoing clauses of this contract, after deducting therefrom so much of such face value as represents interest, shall equal the contract price of £2,745,000.

Clause 16.—If any dispute or difference of opinion shall arise between the bank and the contractor as to the construction and interpretation of the contract, or as to the fulfilment or non-fulfilment of any obligation of the bank or the contractor thereunder, or as to any other matter whatever arising out of or in consequence of the contract, then the bank and the contractor shall endeavour to settle such difference of opinion or dispute by friendly co-operation. If, however such endeavour shall be made and should prove ineffective either party may by notice in writing to the other require that the dispute or difference of opinion or the matter concerned shall be referred to arbitration. The arbitration tribunal shall consist of two arbitrators, one appointed by either party, and an umpire who shall all sit together and the decision of two out of the three shall be conclusive and binding upon both parties hereto. The method and time of appointment of the arbitrators and of the umpire, the nature of their procedure, the place of the sitting of the tribunal and the law applicable to the proceedings of the tribunal shall be determined on every occasion when any such dispute or difference or opinion as is mentioned in this clause shall arise, by agreement between the parties hereto. The bank and the contractor agree hereby to accept any arbitral decision under this clause and to act upon it as fully in all respects as if it were a judgment or decree of a competent court. The fact of arising that any matter be submitted to arbitration shall not be considered an unfriendly act.

Clause 17.—Any notice to be given by the bank to the contractor may be given by registered letter addressed to or by written notice handed to the contractor at its registered office in London, or, in cases of urgency, by telegram to the contractor at that office subsequently confirmed by letter, and any notice to be given by the contractor to the bank may be given by registered letter addressed to or by written notice handed to the bank at its office in Angora, or, in cases of urgency, by a telegram to the bank so addressed and subsequently confirmed by letter. Where, under the contract, a particular length of notice is to be given by either party to the other, time shall begin to run from the moment that the notice is actually received by the party concerned and not from the time that the notice is despatched.

Clause 18.—This contract shall come into force as soon as it and the said contract of the 29th September, 1936, relating to the creation at London of an Anglo-Turkish organisation for the sale of Turkish products, have been ratified by decree of the Government of the Republic of Turkey.

Clause 19. This contract shall bind the contractor and the bank and their respective successors in title.

Clause 20. This contract is signed in two parts, both of which are in the English and Turkish languages, both versions being of equal validity. The utmost care has been taken to ensure that there shall be no discrepancy between the two versions, but should such a discrepancy arise, and should the bank and the contractor be unable to agree on the adjustment of such discrepancy, such adjustment shall be referred to arbitration in accordance with clause 16 of this contract.

In witness whereof the parties hereto have signed this contract in Angora.

Signed on behalf of the Sumer Bank by the Minister of Economy of the Republic of Turkey.

C. BAYAR

Signed on behalf of H. A. Brassert and Co. (Limited),

M. MACKENZIE, *Director*.

Annex I.

General Conditions.

1. THE contractor shall submit in duplicate to the bank for approval from time to time during the construction period such detailed drawings other than shop drawings as may be reasonably necessary. Within fourteen days of the

receipt of any such drawings the engineer shall signify his approval or otherwise of the same, and if he disapproves the drawings the contractor shall submit further drawings for approval The engineer shall signify his approval or otherwise of any such further drawings submitted within seven days of their receipt Any drawing not dealt with by the engineer within the period aforesaid shall be deemed approved

2 The works shall be manufactured and constructed in the best and most substantial and most workmanlike manner, and with materials of the best qualities for their respective uses and in accordance with the specification in so far as it applies to the same

3 The contractor shall provide for packing the materials and equipment required for the British portion of the works so as to avoid damage under normal conditions of transport

4 The bank may, at its own expense, keep and maintain an agent or agents in Great Britain who shall be duly authorised to inspect and to give certificates to the contractor of the materials and equipment required for the British portion of the works having satisfactorily passed any tests to which they or any part thereof may be subject in England All such certificates shall be final and conclusive regarding the particular tests to which they refer but shall not relieve the contractor from responsibility for the compliance by the materials and equipment concerned with the standard of manufacture and workmanship required by the specifications

5 The agent in Great Britain (if any) or his duly authorised representative shall have at all reasonable times access to the contractor's premises, and the contractor shall obtain for the agent in Great Britain and for such representative permission to inspect any part of the materials and equipment required for the British portion of the works which is being manufactured by any sub-contractor upon the sub-contractor's premises during or on completion of manufacture there Should the agent in Great Britain wish to raise any objection to any such materials or equipment he shall at once give notice in writing to the contractor setting out the grounds of objection If a dispute or difference arises between the contractor and the agent in Great Britain the matter shall be referred for decision to an independent inspector to be appointed by the president of the Institute of Mechanical Engineers in London whose decision shall be final and binding on both parties hereto.

6 In all cases where tests are required at the premises of any sub-contractor the contractor will provide free of charge any necessary labour, materials electricity fuel and other things required to carry out such tests efficiently, and shall give facilities to the agent in Great Britain or to his authorised representative to accomplish such tests The agent in Great Britain shall from time to time issue to the contractor the certificates referred to in clause 4 of these conditions and shall at the time of issue forward a copy of each such certificate to the bank

7 Where tests on completion of the works or of any part thereof capable of working as a separate unit are required, the bank will provide free of charge such labour, materials, electricity, fuel and other things as may be requisite efficiently to carry out such tests

8. The contractor guarantees that the materials and equipment comprised in the British part of the works will be capable of operating in accordance with the specifications, and this guarantee shall remain in force in respect of any defect in any such materials and equipment due to faulty workmanship or materials for twelve calendar months after that part of the works of which such materials and equipment form part has been completed and put into operation The contractor or its sub-contractors shall have the right to examine any part of such materials and equipment alleged to be defective, and to retain the same if a replacement is supplied by the contractor Any defects or faults in such materials and equipment which appear on the tests on completion shall be made good or replaced as the case may require by and at the expense of the contractor Any dispute or difference arising between the contractor and the bank under this condition shall, if possible be settled at the earliest possible moment between the contractor and the bank and if such agreement cannot be arrived at within one month from the dispute or difference arising then that dispute or difference shall be referred to arbitration in accordance with clause 16 of the contract to which these conditions are annexed

9. The contractor guarantees that the output capacity of the works when complete will comply with the specifications

10. The contractor shall not be responsible for loss, damage or deterioration to materials and equipment comprised in the British part of the works (unless due to faulty or insecure packing) after arrival of the ship alongside in Turkish port, but shall be responsible for any loss, damage or deterioration up to that time After that time the bank shall properly protect such materials and equipment from damage by exposure to weather or otherwise, and shall take every reasonable, proper timely and useful precaution against theft, accident or damage to the same for any cause, and shall be and remain answerable and liable for all accidents and damage thereto, and shall make the same good in the most complete and substantial manner at the cost of the bank

11 The contractor shall have absolute freedom to make such arrangements and agreements with any sub-contractors in Great Britain as the contractor may think fit and should the contractor consider it expedient to do so the contractor may substitute another sub-contractor for any sub-contractor whose name appears in the specifications as sub-contracting for any portion of the British part of the works Such substitution shall be subject to the prior approval of the bank, which shall not be unreasonably withheld

12 In the event of any delay or hindrance or suspension or interference occurring which affects the contractor in the carrying out of the works or in the performance of any obligation imposed on the contractor by the contract due to war or civil upheaval internal strife combined lockout of workmen storms carpenters fire accidents strikes lockouts epidemics or any other cause beyond the control of the contractor (whether of a similar nature to the foregoing causes or not) the contract shall be granted an extension of time corresponding to the duration of the particular hindrance, suspension or interference concerned, for carrying out the works or performing the obligation or obligations of the contractor concerned

13 As soon as the works are complete the contractor shall be at liberty to remove from the site the contractor's erecting plant, tools and equipment

14 A programme of the nature and duration of the final tests to which the principal units of the works are to be subjected so as to satisfy the bank that they comply with the specifications as regards capacity shall be prepared and agreed as soon as possible between the contractor and the bank Within three months from the time when any principal unit of the works comes into working operation that unit shall be subjected to the agreed tests which shall be carried out under the supervision of and in accordance with directions given by the contractor Should those agreed tests so carried out prove satisfactory to the bank, the particular unit concerned shall be finally accepted by the bank as being in accordance with the contract and specifications

15 All materials and equipment (if any) comprised in the British part of the works which must according to English law, be the subject of a Government test before use, shall be subjected to such test, and the invoice sent to the bank for such materials or equipment shall be accompanied by an official certificate that that test has been passed

16 Within six weeks from the time when the contract to which these conditions are an annex comes into force, the contractor will hand to the bank a guarantee from a bank of first-class standing in London in the amount of £100 000 sterling for the due performance by the contractor of the contractor's obligations under the contract to which these conditions form an annex Such guarantee shall remain in force until the expiration of twelve calendar months after the last part of the works of which any materials and equipment comprised in the British part of the works form part has been completed and put into operation

Signed on behalf of the Samer Bank by the Minister of Economy of the Republic of Turkey

C BAYAR

Signed on behalf of H A Brassert and Co. (Limited)

M MACKENZIE *Director*

[E 2177/821/44] No 74

Sir P Loraine to Mr Eden.—(Received April 20.)

(No. 212 E)
Sir, *Angora, April 11, 1937*

I HAVE the honour, with reference to my despatch No. 56 E of the 25th January, to inform you on the authority of Mr Raymond Bangay, the foreign manager of Messrs Marconi, that the contract for the erection of the powerful broadcasting station at Etamesut and of a studio in Angora, has been secured by this firm. His competitors were representatives of Philips (Dutch) Lorenz (German) Telefunken (German) and the Hungarian branch of the Standard Electric Company (American). The station will transmit on 1,640 metres 120 kw and on 25 metres and 65 and 80 metres (20 kw). The studio, according to Mr Bangay, will be very fine, better indeed, than Broadcasting House in London in some respects. The work is to be finished in sixteen months from the date of signature, which took place at the end of March. Mr Bangay has throughout treated with the Ministry of Public Works.

2. The price of the installation will be £200,000 payable through the Clearing Agreement. M. Bangay calculated that of this total £30,000 to £35,000 would be spent in Turkey on materials and on agents commissions.

I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &
PERCY LORAINE.

R 2780/2372/22] No 75

Sir P Loraine to Mr Eden (Received April 23.)

(No 19)
(Telegraphic) *Istanbul April 23, 1937*

TURKISH Minister for Foreign Affairs informed me quite recently that Italian Government took a sounding through Turkish Ambassador at Rome in order to ascertain if it would be possible for Count Ciano, when he visits Angora in the autumn to sign a treaty with Turkey presumably similar in character to recent Italo-Yugoslav Treaty. A suggestion was also put forward I gather rather vague, that Greece might simultaneously be brought into the same picture.

Matter was discussed at Belgrade between Turkish Ministers and M Stoyadinovitch. The sense of Turkish answer was determined in full accord with Yugoslav Government and answer itself will shortly be given from Angora through Turkish Ambassador at Rome. I expect to obtain in a few days from Turkish Minister for Foreign Affairs the formula but I can tell you already that while for the sake of politeness it will not be a blunt negative, it will indicate that in the present circumstances Turkish Government would not regard as useful or opportune the negotiation of a fresh treaty with Italy.

I thanked his Excellency for his statement. I added that you would not have been oblivious of the possibility of Italy making an overture of this nature to Turkey and that I had already expressed to you my own conviction that, if one were made Turkish Government would wish to consult you in the matter.

Minister for Foreign Affairs replied that I was absolutely correct and that Turkey would not fail to consult her British friends before being drawn into any such negotiation.

(Repeated to Rome, Belgrade and Athens, Saving.)

[E 2242/1592/44] No. 76.

Viscount Chilston to Mr Eden.—(Received April 24.)

(No 183.)
Sir, *Moscow, April 17, 1937*

WITH reference to your telegram No. 32 of the 6th April, requesting observations on the proposals for a Black Sea pact put forward by the Roumanian Minister for Foreign Affairs during his recent conversations with M. Aras, and Mr MacKinlop's reply thereto (Moscow telegram No. 55 of the 7th April) I have the honour to inform you that, in my opinion, there is every reason why the Soviet Government should welcome the conclusion of such a pact. One of the principal aims of Soviet policy is to keep the smaller Powers of Central and Eastern Europe out of the orbit of Germany and Italy and a Black Sea pact would clearly serve this purpose if only by the psychological effect which it would be bound to produce. It is applies equally to Turkey the value of whose friendship to the Soviet Union is further enhanced by the existence of strategical as well as of purely political considerations. In this connexion I have the honour to transmit to you herewith a copy of an interesting memorandum by my naval attaché. It will be seen that Captain Cleary's view the Soviet position vis-à-vis Turkey has become less strong of recent years owing to the fact that in virtue of the Treaty of Montreux Turkey would control the Straits in time of war when it would be essential for the Soviet Government to enjoy complete freedom of communication by sea with the Mediterranean.

2. There can be little doubt that until about a year ago the Soviet Government fondly believed that they had Turkish policy in their pocket. Indeed it is not so long since M. Litvinov remarked to me in regard to the probable attitude of the Turkish Government in some question: "Oh, the Turks will do what we wish." Of late however there have been signs of anxiety lest the Soviet hold over Angora should weaken and worse still should be replaced by German or Italian influence. This anxiety is clearly reflected in a letter to the editor published in the *Izvestiya* of the 12th April. Letters to the editor published in the Soviet press owe their inspiration, needless to say, to the same sources as do ordinary articles. After dwelling on the friendly relations which have long existed between Turkey and the Soviet Union and originated in the sympathy shown by the latter Power to the young Turkish Republic in its struggle for independence and on the help afforded in the early years of Turkish industrialisation, the writer points with alarm to the new tendencies which are springing up in Turkish foreign policy. There have been of late, he declares, mysterious journeys of Fascist politicians and German business men to Turkey. Certain sections of the Turkish press, moreover, have shown themselves far from well disposed towards the Soviet Union, and have manifested a deplorable tendency to approve the aggressive policy of Fascist Germany. The present line of Turkish policy the writer concludes, is far from clear and it is to be hoped that it represents only a passing phase.

3. It seems likely that the Soviet Government are far from reassured by the news of M. Aras's recent visit to Belgrade. Owing to the recent conclusion of the Yugoslav-Italian Agreement Yugoslavia and in particular M. Stoyadinovitch have of late been shown in a most unfavourable light in the Soviet press and although the telegram reporting the visit was published without actual comment it was obvious from the form which it took and the selection of comment from the French press published with it that it was to be regarded as a move in the wrong direction on the part of Turkey.

4. Apart from Turkey and Yugoslavia it would seem that the recent policy of Roumania has also been a cause of concern to the Soviet Government. According to the Soviet press, the Roumanian Government have been seeking an agreement with Italy and endeavouring also to reach a understanding with Hungary under Italian auspices. This in Soviet eyes is, of course equivalent to being drawn into the orbit of the Fascist Powers, and it seems probable that the prospect of yet another defection from the ranks of the Little *Entente* may have been the sign for a move by the Soviet Government at Bucharest. Rumours have of late been current here as elsewhere of an impending improvement in Soviet

Roumanian relations and of an important pronouncement on the subject to be made at Bucharest in the near future, and the suggestion has further been put forward in the Soviet press that a group of smaller Powers, including Bulgaria and Roumania, should be formed in Central Europe under, it is implied, Soviet hegemony to act as a barrier against the aggressive designs of Germany and Italy (see my telegram No 10 Saving)

5 In the circumstances it seems by no means unlikely that the idea of a Black Sea pact now advanced by M Antonesco originated with the Soviet Government. But, however this may be, there can be no doubt that the conclusion of such a pact would be greatly welcomed in Moscow, where it would be regarded as a victory over the Fascist Powers.

6 I am sending copies of this despatch to His Majesty's representatives at Angora and Bucharest

I have, &c.
CHILSTON

Enclosure in No 76

Memorandum

PREVIOUS to the Montreux Conference Turkey had, in point of fact taken effective action to fortify the Straits but now, as a result of the conference she is once again as she was in pre war days established as the sole arbiter in time of strained relations or of war as to who shall have freedom of passage into and out of the Black Sea.

In my opinion, the position of the Soviet Union *vis à vis* Turkey has now become distinctly weaker I do not suggest that Turkey will do anything to lessen the present friendly relations existing between the two countries, but I do think that it is indisputable fact that the U S S R will now strive its utmost to strengthen and maintain the closest contact with Turkey The reasons for such a course are to my mind, clear and logical The Soviet Union has not yet achieved that complete measure of material independence for which she is aiming It is true that perhaps except for rubber she is self supporting, on the other hand should she become engaged in war during the next few years, it is more than probable that further purchases of manufactured, and perhaps even certain raw, materials will have to be obtained from outside the union It can be argued that she has the means together with the requisite raw materials to produce all types of munitions. This may be a fact, but will she be in a position from now on to keep abreast of modern war technique as it rapidly progresses in more advanced capitalistic countries? I believe that she realises that such a weakness may disclose itself in her armour, and, further that she hopes to meet it by keeping her really essential communications open. It may be argued that such action is not required as her gold reserves are steadily accumulating and would be sufficient to meet outside purchases I very much doubt however, that they would be sufficient to meet the strain of a war during say, the next two or three years In the absence of gold, she must pay for her war purchases from abroad in exports in the case of the Soviet Union exports imply open sea communications. An examination of these trade outlets and routes discloses the well known fact that the Black Sea is the vital spot The Baltic is not only ice bound for approximately four months during the year, but it can be subjected to intensive blockade by Germany It is true that the ice free port of Murmansk is being intensively developed but it can also be threatened by the sea power of Germany The valuable manganese ore wheat coal and steel centres are all in close connexion with the comparatively well equipped commercial ports of the U S S R Black Sea coast line The steady development of the canal system of the Soviet Union will also tend to make the Black Sea a still more important commercial area Finally there remains the important question of the freedom of action outside the Dardanelles of the U S S R Black Sea fleet Turkey has it in her power to close the Straits to the U S S R should she really decide to take such a decisive step As we know from the last war Turkey is a difficult country to get at and it appears that in such an eventuality the Soviet Union would be

powerless to take any really effective action to secure safe passage through the Dardanelles for her trade communications and for her Black Sea fleet.

Another auxiliary aspect of the question of a Black Sea pact is to be found in the matter of the internal trade of that sea itself Turkey, Roumania and Bulgaria are all potential customers of the Soviet Union, but a possibility presents itself of German commercial competition becoming active in this area German water-borne merchandise can be passed through the Danube to the Black Sea, and can then be reshipped to Constantinople and Black Sea ports.

Italy is another country which ever since 1919 has always been looking to the Black Sea as an outlet for her commercial activities. It is true that her influence has probably considerably decreased in this area, but nevertheless it would be preferable for the U S S R to have these possible commercial competitors "Germany" and "Italy" out of the ring

I must admit that I have not taken into account the various political viewpoints which arise in connexion with the formation of such a pact, but from a purely commercial and military value the Soviet Union has everything to gain by a common front amongst the Black Sea Powers and nothing to lose The naval position of Bulgaria does not arise, she has never made any attempt and probably never will to exert any influence of a naval character Roumania is, rather, a different category she does possess certain maritime advantages and must always be regarded as a potential exporter on a very large scale and therefore it is probable that she does not wish to see the Soviet Union's sea power further strengthened in the Black Sea which might occur should a Black Sea pact materialise On the other hand as it is Roumania herself who is pressing for the pact it must be assumed that she considers that the political gains which may accrue from such an agreement outweigh any disadvantages of a naval character which might arise

H C LANCHY *Captain R N*,
Naval Attaché

April 8, 1937

E 2347, 15/44] No 77

Sir P Loraine to Mr Eden.—(Received April 29)

(No 215.)

HIS Majesty's representative in Turkey presents his compliments to His Majesty's Secretary of State for Foreign Affairs and, with reference to Angora despatch No 158 of the 20th March, has the honour to transmit herewith a copy of an extract from despatch No 3 from Wing-Commander Elmhirst, respecting the use of British service attachés by the General Turkish Staff

Angora April 15 1937

Enclosure in No 77

Wing Commander Elmhirst to Sir P Loraine

(No 3)

Angora, April 8, 1937

SIR

I HAVE the honour to refer to my despatch No 2 of the 18th March in which I reported that at an interview with the President on the 17th March he informed me that he had instructed the General Staff to make use of my air force knowledge

2 As your Excellency is aware, during the weeks following the General Staff did not approach me on the subject and at the interview which the naval Attaché and I had with them on the 2nd April when we asked them point blank if they were going to make use of our services they gave us to understand that Ataturk's remarks were only his polite method of speaking

3 I understand that your Excellency, during the week-end of the 3rd, 4th and 5th April, reopened the question with the Prime Minister and informed him that if your offer to the President of the services of the naval attaché and myself was not made use of it would be withdrawn If such was the case an immediate result has now been forthcoming

4 On the morning of the 7th April, the General Staff rang me up on the telephone and asked me if I would call upon them that afternoon I did so and had a long conversation with Colonel Hakki (Director of Intelligence) Also present were Lieutenant Siret, of the Turkish navy who spoke English and Captain Seyfi of the air force

5 Our conversation opened with a definite request by Colonel Hakki He said that the General Staff wished the Bristol Aero Engine Company to erect and equip a factory in Turkey for the manufacture of sixty of their engines a year The Turks to purchase the patents, the factory to be run by an English staff at the beginning but to be turned over to the Turks after a period of five to ten years. I was asked to get in touch with the company and to request them to send an agent to discuss the matter with the General Staff I questioned this last point and said surely the agent should discuss the question with the Minister of National Defence or the Minister of Economy but was told that the agent must come in the first place to the General Staff

* * * * * *

I have &c
T W FITZHERBERT

E 2349 520 44; No 78

Sir P Loraine to Mr Eden (Received April 29)

(No 221 E Confidential)

Sir *Angora April 17 1937*

I HAVE the honour, with reference to my despatch No 102 E of the 19th February, to transmit to you the accompanying copy of a memorandum on Turkish trade with Germany, which was handed to the commercial counsellor of His Majesty's Embassy confidentially by a competent person who was until recently employed in the Japanese Commercial Museum and Intelligence Bureau in Turkey

2 This memorandum draws attention to the methods of German commercial penetration of South Eastern Europe, and it is noteworthy that it tallies closely with the interesting report on the "German Drive in South Eastern Europe" which was sent to me under cover of your despatch No 149 of the 24th March 1937

3 I am sending copies of this despatch to His Majesty's representative at Berlin and to the Department of Overseas Trade

I have, &c
PERCY LORAINE

Enclosure in No 78

Memorandum on Turkish Trade with Germany

GERMANY possesses neither colonies who can supply her with the raw materials &c necessary for her industries nor sufficient foreign exchange with which to purchase them from the usual sources of supply Dr Schacht the dictator of German foreign trade has attempted to solve this great problem to a certain extent by means of a policy of purchasing raw materials &c from those countries where Germany can sell her manufactured products In particular, the countries of South Eastern Europe as well as Turkey and recently Iran The machinery for the orientation of German foreign trade towards these countries was provided by clearing agreements, which obviated the necessity of using foreign exchange Under these agreements importers in each country make payments in their own national currency, and these are deposited in a clearing account usually established with the Central Bank Out of the account exporters are in turn reimbursed If imports fail to equal exports, a balance accumulates in favour of one of the two parties to the agreement Since the transfer of foreign exchange is in most cases not allowed, such a balance can be liquidated only if the creditor country curtails its sales to, or increases its purchases from the debtor State

Since Germany has applied this system of clearing agreements she has begun to buy heavily in South Eastern Europe paying prices well in excess of world levels in order to outbid her competitors and link the countries from where she buys more closely to the Reich The export surplus in German trade with South Eastern European countries in 1932 was, as a consequence of the above policy converted into an import surplus of 93 8 and 92 6 million reichsmarks in 1934 and 1935 respectively Substantial clearing balances therefore accumulated in Berlin to the credit of South Eastern Europe German trade debts to five Balkan countries towards the end of 1936 were estimated at about 160 million reichsmarks or about a third of their total imports from Germany during 1935 To persuade these States to liquidate their Berlin balances by buying more manufactured goods from the Reich particularly armaments Dr Schacht visited Budapest Sofia Athens and Belgrade in June 1935

The same policy of paying exorbitant prices for raw materials in order to obtain control of the market has been pursued in Turkey as the following figures show -

(In 1,000 Turkish liras)

	1931	*1932*	*1933*	*1934*	*1935*	*1936*
Value	13 049	13 722	18 222	34 410	39 201	60 042
Percentage	13 72	13 54	19 00	37 35	40 89	50 80

Turkish trade with Germany reached its climax during 1936 when Germany purchased, at abnormally high prices nearly 51 per cent of the total exports of Turkey In the course of the same period imports from Germany to Turkey had amounted to £T 41 742,000 which denoted that £T 18 300,000 were frozen at the German Reichsbank at the end of 1936 When the proposition made by Dr Schacht, during his recent visit to Angora to award the building of the Turkish heavy industries to Krupp (who had made a big contract in 1936 with Yugoslavia for the enlargement of the Zenica ironworks &c) was rejected by the Ministry of Economy, Germany's purchases in Turkey increased still further, and she bought abnormal quantities of all kinds of Turkish commodities during January 1937 in order to compel Turkey to place further orders in Germany, as Greece Yugoslavia and other South Eastern European countries had been compelled to do The amount of Turkish frozen money in the clearing account at the Reichsbank rose to such an extent that about the 19th February 1937, the Turkish State Bank (Banque centrale de la Republique) stopped giving payment facilities for Turkish exports to Germany It is worthy of note that in spite of the fact that Turkish money remained frozen in Germany, the State Bank had hitherto been granting the counter value of exports to merchants on this side immediately upon receipt of a notice from Berlin that the Turkish clearing account at the Reichsbank had been credited in German reichsmarks. It thus took merchants fourteen to twenty days to come into possession of their moneys, whereas the money of the State Bank remained frozen until Turkey purchased goods from Germany It is rumoured that the Turkish State Bank possesses above £T 25 million frozen in Germany while merchants who had exported in large quantities during the few weeks preceding the decision of the State Bank to suspend payment facilities but who had not been able to avail themselves of the facilities for lack of the necessary documents have about £T 10 million frozen in Germany Recently this latter amount has been increasing because many merchants had "forward delivery" engagements which they are respecting *coûte que coûte* in order not to have their names inscribed on the German black lists

The result of the German actions described above has been—

(1) That the Turkish State Bank is requesting importers of German manufactured goods, which are usually imported with a credit of three to six months, to pay *in cash* in order to recuperate its own frozen moneys in Germany
(2) That Turkish exports to Germany have practically stopped
(3) That as a result of (2), prices of most Turkish export commodities have dwindled, and now have a tendency to reach the world-market levels
(4) That great "tightness" of money exists in the market

If this situation persists for long it is to be expected that prices of Turkish commodities may reach such a level that it will become possible to export in more substantial quantities to Great Britain, France and other countries which have important sums of money frozen in Turkey at the State Bank and thus a further development may take place in the commercial relations of Turkey with those countries. A possible drawback, however, is that Germany has been purchasing all qualities of goods, whereas Great Britain & need "First Choice" standardised goods. It is this point which has enabled Germany so successfully to carry out her policy of monopolising the market.

E 2852 24 44 No. 79

Sir P. Loraine to Mr. Eden. (Received April 29.)

(No. 226.)

Sir, *Angora, April 19, 1937.*

I HAVE the honour with reference to my despatch No. 27 E. of the 12th January last to transmit to you tables for the final quarter of 1936 and for the whole year 1936 showing Turkey's imports from her seven principal suppliers (covering 75·8 per cent. of her total imports) and exports to her seven principal customers who purchased 80·7 per cent. of her exports.

2. Turkey's imports during the quarter ending December 1936 amounted to £T. 25,870,044 compared with £T. 20,922,700 in the final quarter of 1935. Exports in the same period were worth £T. 53,542,209, an increase of over 11 million liras as compared with 1935 when they were worth only £T. 42,001,090.

3. Total imports during the year amounted to £T. 92,531,464, as against £T. 88,823,480 in 1935, and exports to £T. 117,763,153 as against £T. 95,801,137 in the previous year. The balance of trade in favour of Turkey increased from £T. 7,037,657 in 1935 to £T. 25,201,689.

4. No striking changes in the sources of imports occurred in the final quarter of 1936, though the proportions of the total supplied by the seven countries in question, (with the exception of the United Kingdom) declined slightly as compared with the preceding nine months. For the whole year 1936, as has been already reported in the commercial counsellor's despatch Overseas Trade (B) No. 60/37 of the 12th March last, Germany still heads the list with 45 per cent. of total imports, while the United States of America, with 9·6 per cent. rises to second place, above the United Kingdom, whose share is only 6·6 per cent. Italy who occupied the fourth position in 1935 with 6·4 per cent. has fallen to tenth place.

5. As regards exports, the only change which took place in the final quarter of 1936 was an increase in Italy's purchases which brought her from seventh on the list on the 30th September to fourth place on the 31st December. On the whole year, Germany takes pride of place with £T. 60 million representing 51·3 per cent. of the total as against 40·8 per cent. in 1935. The United States of America bought £T. 13·4 million of exports (11·4 per cent. as against 10 per cent. in 1935). The other countries maintain approximately the same relative positions, though their shares, especially Italy's share of the total exports are smaller than in 1935. There are rumours now current that Turkish exports to Germany are being checked by the action of the Central Bank of Turkey who are refusing to discount bills on German buyers, but the effect of this action is not yet apparent in the published trade returns.

6. A further table is enclosed showing the composition of Turkey's favourable trade balance, and the more important balances, by countries, both for and against Turkey. The largest favourable balance is with Germany, £T. 18,34 million. It must be borne in mind, however, that this favourable balance is lying blocked in the German end of the German-Turkish clearing account and can only be used for purchases from Germany. The returns for January 1937, so far from indicating any improvement, show that Germany's purchases have once more increased and are still well in advance of her sales to Turkey.

7. One other point deserves mention in regard to the trade balance. Those parts of the British Empire which figure separately in the Turkish statistics appear now to buy more from Turkey than they sell to her. The only exception to this is Ceylon. The trade balance in favour of Turkey is in no case very large, the greatest being that with India which amounts to some £T. 560,000. I am informed, however, that this figure is misleading, as it represents a very considerable quantity of goods in transit.

8. A copy of this despatch is being forwarded to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

Enclosure 1 in No. 79

Turkish Trade with Principal Countries during the Final Quarter of 1936, compared with the First Three Quarters of the Year, showing the Percentage Share of each Country during each of these Periods.

1. *Imports*

Values	Importations of Turkish ports reported during— A. Last Quarter	B. First nine months	Percentage by countries of total imports during— A. Last Quarter	B. First nine months
Total imports	25 87	66 65		
Germany	11 1	30 44	42 9	45 97
United States	2 23	6 76	8 6	10 14
United Kingdom	1 87	4 23	7 2	6 3
U.S.S.R.	1 35	3 68	5 2	5 5
Czechoslovakia	0 81	2 82	3 1	4·2
Austria	0 52	2 07	2 0	3 1
France	0 44	1 89	1 7	2 8

2. *Exports*

Total exports	53 54	64 19		
Germany	28 27	31 76	52 8	49 4
United States	7 09	5 72	14 36	8 9
United Kingdom	3 01	3 34	5 0	5 2
Italy	2 38	1 96	4 4	3 05
Czechoslovakia	0 92	3 09	1 7	4 8
U.S.S.R.	1 63	2 33	3 04	3 6
France	1 24	2 58	2 3	4 02

NOTE. Since particulars of trade by countries were not published until September 1936 comparison with the corresponding period of 1935 is impossible.

Enclosure 2 in No. 79

Turkish Foreign Trade, 1936.

Imports from Principal Countries

Country	Value in million Liras	Amount in thousand tons	Percentage to total value	Percentage 1935
Germany	41 7	163 8	45 0	40 0
United States	8 99	58 7	9 6	6 9
United Kingdom	6 1	19 8	6 6	9 8
U S S R	5 03	67 8	5 4	4 0
Czechoslovakia	3 6	13 6	3 9	4 3
Austria	2 50	8 0	2 8	3 3
France	2 3	9 9	2 5	4 7

Exports to Principal Countries

Germany	60 04	328 0	51 4	40 8
United States	13 4	49 8	11 4	10 0
United Kingdom	6 3	59 9	5 4	6 4
Italy	4 3	30 1	3 7	9 0
Czechoslovakia	4 0	8 4	3 4	3 2
U S S R	3 9	6 0	3 3	4 3
France	3 8	51 7	3 2	3 2

Enclosure 3 in No. 79

Turkish Foreign Trade, 1936

Principal Items in Favourable Net Balance

Favourable balances with	£T Millions	Unfavourable balances with	£T Millions
1 Germany	18 34	1 Brazil	1 24
2 United States	4 43	2 Austria	1 12
3 Greece	2 45	3 Switzerland	1 12
4 Italy	2 32	4 Finland	1 11
5 France	1 52	5 U S S R	1 07
6 Belgium	1 41	6 Roumania	0 49
7 Syria	1 05	7 Norway	0 45
8 India	0 56	8 Philippine Islands	0 42
9 Poland	0 50	9 Sweden	0 39
Total	+ 32 58	Total	7 41

Difference in Turkey's favour £T 25 17 million equals approximately the difference between total imports and total exports (£T 25 20 million)

In trade with the United Kingdom Turkey has a balance in her favour of £T 240,000

E 2354/1029/44] No 80

Sir P Loraine to Mr Eden (*Received April 29*)

(No 229 E)

Sir, *Angora, April 20, 1937*

I HAVE the honour, with reference to Sir G Clerk's despatch No. 266 of the 12th July, 1930, to transmit herewith a translation(1) of Law No 3133, dated the 17th February last, making certain additions to the law establishing the Central Bank of Turkey

2 The main provision of this law (article 1) empowers the Central Bank of Turkey to purchase, in addition to gold, standard currencies free foreign currencies not based on a gold standard Five members at least of the Administrative Board must be in agreement in each case as regards advisability of making such purchases and their amount Forward buying in the currencies in question must not cover a period of more than twenty days

3 The second article provides that any profits resulting from these operations shall be put into a special reserve fund to be established by the bank The bank may turn this special reserve fund to profit by buying State bonds having certain characteristics and the yield from these bonds shall be added to the capital of the fund until a total of 6 million is reached Any profits accruing after this limit has been reached shall be added to the ordinary reserve of the bank

4 The special reserve fund is to be maintained until such time as the principal currencies used as the instruments of international payments once more become effectively convertible into gold Provision is however, made in article 3 for disposing of the bonds purchased with the special reserve fund should this event take place

5 The remaining articles 4-8 introduce a certain flexibility into the statutes relating to stock held by the Central Bank as cover for notes and to rediscounting of Treasury bills, without in any way altering the statutory restrictions imposed upon the bank

6 A copy of this despatch has been forwarded to the Department of Overseas Trade

I have, &c.
PERCY LORAINE

(1) Not printed

E 2356/100/44] No 81

Sir P Loraine to Mr Eden (*Received April 29*)

(No 231 E)

Sir, *Angora, April 20, 1937*

ABOUT a month ago a report appeared in the Turkish press to the effect that a Bill was being drafted with a view to establishing a Government monopoly of petrol and its derivatives Efforts by the commercial counsellor and by the Shell Company to confirm or disprove this report encountered extreme reticence on the part of the authorities, but Colonel Woods finally elicited a reply from the Minister of Monopolies that "no decision had been taken," a remark which at least indicated that the report was not without foundation. The representative of the Shell Company, who has just visited Angora has now been told both by the Minister of National Economy and by the Minister of Monopolies that a draft law establishing a monopoly for inflammable liquids is in fact under consideration, and M Celal Bayar, speaking in an unofficial capacity advised him to sink no money in any scheme for the development of their activities

2 It is not known at this juncture what form the monopoly would take in the event of its being instituted, but the Turkish Government may only levy a monopoly tax leaving storage and distribution to existing companies.

3 I am sending a copy of this despatch to the Department of Overseas Trade

I have, &c.
PERCY LORAINE

[E 2868/820/44] No. 82.

Sir P Loraine to Mr Eden.—(Received April 29.)

(No. 241 E.)
Sir, *Angora April 24, 1937*

SINCE the Eastern Department drafted their letter of the 15th April, I have had the honour to address to you my despatch No 221 F., Confidential, of the 17th April, the enclosure in which described, as at that time, the state of Turco German commercial relations. I now enclose a copy of a note furnished to the commercial counsellor by the Ottoman Bank which describes the most recent changes which have taken place in the situation (1).

2. The position is now as follows:

(*a*) Turkish exporters have obtained their money from the Central Bank in respect of all their exports which arrived in Germany before the 23rd January. The value of such exports was approximately £T 25 million. The Central Bank was able to make these advances by the allocation to itself of sums due to Germany by the Turkish Government on orders placed there.

(*b*) The embargo on the import of German goods on a credit basis has been raised. This has somewhat eased the situation, in so far as Turkish exporters are concerned, for whereas the amount due to Turkish exporters was approximately £T 38 million in the 19th February it was reduced to £T 13 million in virtue of the Central Bank's advances. Since then, the £T 13 million lying blocked in Germany has been further reduced as there have recently been no exports to Germany whereas imports from Germany have filtered into Turkey and there is every reason to believe that a further important reduction will follow in view of the fact that the Turkish Government has under consideration the import free of quota restrictions of all goods lying in the Customs on the 15th February and held up owing to the absence of a quota.

It is estimated that this further reduction will absorb another £T 7 million of the amount lying blocked in Germany and that towards the month of July Turco German exchanges will again be normal. If this is the case, there is, in the opinion of the commercial counsellor little likelihood that other countries will be able to increase their exports from Turkey, for Germany will no doubt again buy Turkish products at prices above world levels.

The Turco German Commercial and Clearing Agreements have now, in fact, been denounced by Turkey, and will cease to operate on the 30th April, but it is probable that they will continue to be in force by virtue of short periodical renewals until new arrangements have been signed as the result of negotiations which will have to be set in motion very shortly.

I have, &c.
PERCY LORAINE

(1) Not printed.

[E 2404/78/34] No. 83

Sir P Loraine to Mr Eden.—(Received May 2.)

(No. 25.)
(Telegraphic.) *Istanbul May 1, 1937*

IRAQI Minister for Foreign Affairs tells me he showed confidentially to Turkish Government draft of a treaty between Iraq and Iran relating to frontier between the two countries (text of which I understand from him had received prior approval of His Majesty's Government) which he had handed to Iranian Minister Bagdad, two days ago before his departure for Angora.

He says Turkish Government were most favourably impressed with this document which they regarded as a sound and statesmanlike effort on the part of Iraqi Government to settle frontier difficulties with Iran. Furthermore, that Turkish Minister for Foreign Affairs impressed Turkish views to foregoing effect on Iranian Ambassador at Angora, and requested latter to send a pressing personal appeal from President of the Republic to the Shah, urging His Majesty to effect an early settlement with Iraq and suggesting that draft in question offered an excellent basis for so doing.

Iranian Ambassador telegraphed accordingly to Tehran before departure from Angora of Iraqi Minister for Foreign Affairs.

(Repeated to Bagdad and Tehran.)

[R 2991/2372/22] No. 84

Sir P Loraine to Mr Eden (Received May 2.)

(No. 29. Confidential.)
(Telegraphic.) *Istanbul, May 1, 1937*

MY telegram No. 19.

Although when I last saw Prime Minister for Foreign Affairs, owing to pressure of other business, had not yet sent his reply to Rome he told me it would be on the following lines:

As it is the aim of Turkish policy to unite and not to divide and as Turkey attaches particular importance to her relations with the United Kingdom the moment seems hardly opportune for widening basis of Italian Turkish relations that on basis of existing Italian Turkish Treaty which Turkish Government consider satisfactory Turkey is always willing to collaborate in removing possible sources of friction and in cultivating better neighbourly relations that if in future it seemed desirable to enlarge that basis, Turkey would not be willing to do this on a bilateral basis and could only contemplate arrangements that fell within the framework of recent Anglo-Italian Mediterranean Declaration.

Repeated to Rome and Saving to Belgrade and Athens.)

[E 2460 78/34] No. 85

Sir P Loraine to Mr. Eden.—(Received May 4.)

(No. 30.)
(Telegraphic.) *Istanbul May 3, 1937*

MY telegram No. 25.

I saw the Iraqi Minister for Foreign Affairs for a few minutes before his departure this morning, and enquired whether there had been any reaction from Tehran to his proposals. He said that he had received a reply from Iranian Government and regarded it as 80 per cent favourable.

He added that Turkish Government [? support] had been of great value to him, and he was most grateful for it.

(Repeated to Bagdad and Tehran.)

[E 2622/83/44] No. 86.

Sir P Loraine to Mr Eden (Received May 14.)

(No. 256 E.)
Sir, *Angora, May 5, 1937*

I HAVE the honour with reference to my despatch No. 628 E. of the 23rd December last, relative to the signature of an agreement between the Turkish Government and the Oriental Railways to transmit to you herewith a summary of the agreement,(1) which will explain the method of purchase which has been adopted.

(1) Not printed.

2. The Turkish Government undertake to issue bonds to a total value of 20,760,000 Swiss francs, bearing interest at the rate of 5 per cent, payable half-yearly, and redeemable in a maximum period of twenty years. The Turkish Government will supply the Ottoman Bank in Paris with funds to meet obligations arising out of this issue.

3. An exchange of letters, which is appended to the agreement, provides that until the 31st December, 1940, the payment of these funds shall be made in accordance with the agreement reached on the 20th April, 1936, with holders of Ottoman Public Debt bonds.

4. A further annex to the agreement provides that deposits in cash and bank holdings in Turkey belonging to the company to a total of £T 800,000 shall be transferred to them in the following manner:

> £T 300,000 will be paid over in free exchange and the balance of £T 500,000 will be payable in Turkish products to be disposed of in countries having a clearing agreement with Turkey. The railway company undertakes the responsibility of arranging with the Governments of the countries concerned for the exclusion of such products from their respective clearings."

5. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

[E 2644/425/44] No. 87

Sir P. Loraine to Mr. Eden. (*Received May 17.*)

(No. 205 E.)

Sir, *Angora, May 7, 1937.*

I HAVE the honour, with reference to my despatch No. 425 E. of the 11th August, 1936, to transmit to you the accompanying translation of Law No. 3130, voted on the 12th February and published in the Turkish *Official Gazette* of the 19th February, regarding extraordinary credits and ratior adjustments to the 1936-37 Budget.

2. Three lists are appended to the law. List No. 1 shows additional credits amounting to £T. 7,011,700, among which the principal items are £T. 1 million representing debt issues, £T. 1,171,000 payable to the Sumer Bank as an industrial loan, and £T. 800,000 in respect of bills drawn for public works carried out by Swedish firms.

3. In List No. 2 the principal item is a credit of £T. 3 million to the Minister of Agriculture, which has been paid to the Ziraat Bankasi (Agricultural Bank) and is to be used for "the creation of agricultural combinats" during the financial year 1937. A special law will be promulgated to indicate the objects on which this is to be spent, but pending the coming into force of this law, the credit may be utilised by decision of the Council of Ministers. I would refer in this connexion to paragraph 2 (i) of my despatch No. 7 E. of the 4th January, which summarised a speech by the Prime Minister expressing the determination of the Turkish Government to improve agricultural conditions and to increase production in this country.

4. List No. 3 calls for no comment.

5. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

[E 2650/455/44] No. 88.

Sir P. Loraine to Mr. Eden. (*Received May 17.*)

(No. 272 E.)

Sir, *Angora, May 8, 1937.*

I HAVE the honour, with reference to my despatch No. 210 E. of the 18th April, 1936, to transmit to you the accompanying memorandum by the commercial counsellor of His Majesty's Embassy on the Turkish budget estimates for the financial year 1937-38.

2. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

Enclosure in No. 88

Memorandum on the Turkish Budget Estimates for the Financial Year 1937-38.

THE revenue and expenditure estimates for the year 1937-38 were submitted to the Grand National Assembly in March.

Revenue for the coming financial year is estimated at £T. 221,675,000, an increase of £T. 15,921,000 over the current estimates. This increase is to be derived from greater receipts from customs duties, transaction tax, internal consumption tax and Monopolies profits (including the National Defence tax).

The estimated yield from these four sources is as follows:—

	1937-38 £T.	*1936-37.* £T.	*Difference* £T.
Customs duties	10,850,000	87,650,000	+ 9,200,000
Transaction tax	22,443,000	19,150,000	+ 3,190,000
Consumption tax	18,822,000	15,150,000	+ 3,672,000
Monopolies	37,950,000	36,610,000	+ 1,340,000
			+ 17,711,000

This is to be balanced by the following increases in expenditure:

	£T.
Ministry of Finance	+ 2,000,000
Public Debt	+ 7,500,000
Ministry of Health	+ 1,000,000
Ministry of Public Instruction	+ 2,800,000
Ministry of Economy	+ 1,500,000
Director General of Meteorology (newly created)	745,000
Sundries	+ 1,876,000
	+ 16,921,000

The increase in the allocation for debt service arises out of new commitments undertaken by the Turkish Government in respect of the first industrial plan, the redemption of the Oriental Railways and the Eregli mines, and the Sivas-Erzerum railway loan.

In considering these estimates it must be remembered that supplementary estimates for Defence, Public Works and Agriculture in the current year have amounted to £T. 32,450,000 and it is to be expected that in the course of next year provisions for extraordinary expenditure will be made which will suitably increase the total liabilities of the Turkish Government over the estimates now under consideration.

The budget proposals have now been referred to the Budget Commission for examination, and will be discussed by Parliament during May.

[E 2891/466/44] No 89

Sir P. Loraine to Mr Eden —(*Received May 28*)

(No. 293)

Sir, *Angora, May 17, 1937*

ON the 11th May I received a telegram from the pro-consul in charge of His Majesty's consulate at Trebizond to the effect that, according to a reliable informant, grave disorders had recently occurred in the Dersim district that in one instance some ten officers and fifty soldiers had been killed by rebellious Kurds, and that troops were being concentrated at Erzincan to restore the situation

2 A report on the Kurdish tribes which inhabit Dersim was enclosed in Mr Morgan's despatch No 503 of the 24th October, 1934 the measures adopted for the administration of this region (now known as Tunceli) were described in my despatch No 6 of the 3rd January, 1936, and the initiation of these measures was reported in my despatch No 172 of the 3rd April 1936 It now appears that they are encountering at least a measure of resistance and confirmation that all is not well in the area in question is afforded by the speech recently made by the Minister of the Interior to the Grand National Assembly regarding conditions in the frontier districts (see page 2 of the enclosure in my despatch No 204 of the 9th April) and by the remarks of Dr Aras to me recorded in my letter of the 1st May to Mr Rendel

3 The troops immediately at the disposal of General Abdullah Alpdogan the head of the inspectorate general concerned are the 3rd Infantry Division (some 2 000 strong) with headquarters at Erzincan It is presumed that he can draw generally on the troops of the IXth Army Corps (with headquarters at Erzerum) and he will also have the assistance of gendarmerie units which are specially trained in mountain fighting Some ten days ago, the air attaché of His Majesty's Embassy learned that the Under Secretary of State for Air has cancelled an appointment with a representative of an English firm as he was urgently engaged in the despatch of aircraft to the Kurdish regions His Majesty's consul at Mersin now informs me by telegram that according to reports which he is of course unable to verify, twenty bombing aeroplanes are being used against the Kurds in the Elaziz region (Elaziz is the administrative centre of the Dersim area)

4 Having regard to the forces at the disposal of the Government, it appears improbable that the Turks will encounter serious difficulty in repressing the movement

I have, &c
PERCY LORAINE

[E 2892/466/44 No 90

Sir P Loraine to Mr Eden —(*Received May 28*)

(No. 309)

Sir, *Angora May 22, 1937*

SINCE writing my despatch No 293 of the 17th May in regard to the situation in the Dersim area, I have received a further telegram from the pro-consul in charge of His Majesty's consulate at Trebizond, dated the 15th May, to the effect that, according to his information, the rebellious Kurds, whose numbers were stated to exceed 1 500, were continuing to inflict serious losses on the Turkish forces and were mutilating savagely the bodies of officers who fell into their hands Mr Falanga added a report that 3,000 Turkish troops had been concentrated at Erzincan and that aeroplanes had been summoned from Diyarbekir

2 Reporting on the 19th May, His Majesty's consul at Mersin stated that according to local reports, the Government forces had burned three Kurdish villages and lost one aeroplane, and also that one Turkish officer and twelve local reservists had been captured and massacred by the Kurds

I have &c
PERCY LORAINE

[E 2893/466/44] No. 91

Sir P Loraine to Mr Eden (*Received May 28*)

(No 311)

Sir, *Istanbul, May 23, 1937.*

I HAVE the honour, with reference to my despatches Nos 293 of the 17th May and 309 of the 22nd May, regarding disorders in the Dersim region, to transmit to you the accompanying memorandum by the military attaché to this Embassy on the subject

2 In submitting this memorandum to me, Major Ross has observed that the data on which it is based are scanty, and that, while the general picture given therein appears to be a true one the inferences drawn may not in all cases be correct owing to the lack of detailed information

3 I may add that the Turkish press, with one exception, has preserved complete silence in regard to the disorders The exception was the *Son Telegraf* which published on the 14th May an article hinting at trouble in the eastern vilayets The newspaper was promptly suspended, and did not reappear until several days later

I have &c
PERCY LORAINE

Enclosure in No 91

Appreciation of the Military Situation in the Eastern Provinces

THE Turkish Government, and in particular the Turkish General Staff, have at the present moment two immediate preoccupations The first is that of the Syrian frontier The military side of this question has not merely been one of troop concentrations as a backing for political argument It has been complicated in a minor way by cases of banditry in the Mardin area, in which the bandits have crossed from Syria or it is believed, from Iraq It is not without the bounds of possibility that this banditry is partly the result of Syrian instigation With the settlement of the problem of the Sanjak of Alexandretta, which it is hoped may be imminent this preoccupation will vanish and troop concentrations will again become normal It is likely, however, that frontier guard and customs troops will be strengthened and of this there are already indications.

The second preoccupation which is now assuming somewhat formidable proportions, is the revolt among the Dersim Kurds. There appears little doubt that this revolt has been brewing for some time and that the Turkish military authorities have been making preparations to take action in that region Though it is inconceivable that the French in Syria have had a hand in provoking this trouble, it is nevertheless permissible to infer that the outbreaks of banditry on the Syrian and Iraq frontiers have some connexion with it and that the Kurds may further have decided to revolt while the Franco Turkish quarrel was still unsettled The revolt appears to have come to a head on or about the 8th May, when tribesmen to the number of 1 500 or more inflicted serious losses on Turkish troops and behaved with much savagery

The steps which have hitherto been taken by the Turkish military authorities are naturally not be stated in detail, but available information is sufficient to give a general picture of their intentions These intentions are the strengthening of the south eastern garrisons and the inception of punitive operations from the north Units of the 7th Army Corps which has its headquarters at Diyarbekir and includes the 14th Cavalry Division at Urfa, the 2nd Infantry Division at Siirt and Van and the 17th Infantry Division at Elaziz, have received reinforcements. Four classes of reservists have been called up to stiffen the 7th Infantry Division at Adana (6th Army Corps) and no doubt the same has happened throughout the 7th Army Corps Elements of the 14th Cavalry Division have visited Diyarbekir from Urfa Mobile gendarmerie units, whose particular duty it is to preserve internal order, especially in mountainous regions have also been strengthened by personnel from the evacuated gendarmerie schools in the Dardanelles

In the absence of further information, I would regard these measures as precautionary They are not only intended to strengthen the frontier garrisons in the south east but also to keep quiet that part of the country controlled by the

7th Corps, part of which will probably be called upon to assist from the south in crushing the revolt

The operations against the Kurds will, according to available information, be directed from Erzinçan, which is the headquarters of the 3rd Infantry Division (9th Army Corps) This division has been reinforced and will be assisted by aircraft from the air regiment at Diyarbekir and probably by troops from the Elaziz direction

On the 7th May, the Chief of the General Staff, accompanied by the Commandant General of Gendarmerie, General Ahmet Naci Tinus, left on a so called visit of inspection for Kayseri, the headquarters of the 7th Army Corps There can be no doubt that the object of his visit was to decide on the measures to be taken against the Kurds, and it is reasonable to expect that he will proceed still further east

On the whole it appears that the creation of a separate inspectorate general for Tunceli has not had the desired results It will be recollected that in December 1935 an officer on the active list General Huseyn Aptullah Alpdoğan, was appointed to this inspectorate general with plenary powers, both military and civil It would seem either that he has had insufficient means at his disposal to enforce law and order or that he has failed for other reasons I prefer to believe the former reason

Finally the decision to take punitive action against the Kurds has come at a time most unfavourable to the Turks The normal call up of infantry takes place on the 1st May, thereby materially increasing the strength of formations Also, the trouble over the Sanjak of Alexandretta is practically settled, without which the Turkish military authorities with the Kurdish revolt on their hands, might have found themselves somewhat embarrassed

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'R 3756 1 22 No 92

Sir P Loraine (Ankara) to British Delegation Geneva (Repeated to Foreign Office Received May 29)

(No 41 Confidential)
(Telegraphic) *Istanbul, May 28, 1937*

I SAW Turkish Prime Minister before he left for Angora yesterday evening He expressed his great appreciation of sincerely friendly attitude towards his country that had characterised all His contacts in London

He was good enough to give me an outline of his conversations with Mr Baldwin M Neville Chamberlain yourself and Sir R Vansittart On these I need not report He also mentioned however distinct impression he had derived of general dissatisfaction that His Majesty's Government felt at attitude towards them of Italian Government, of their preoccupations with Italian policy notwithstanding their own desire for an improvement in Anglo Italian relations, of their regret at absence of useful results hitherto from Anglo Italian Mediterranean Agreement and of their feeling (1) that Yugoslavia had gone rather too far in her treaty with Italy and (2) that Greece allowed her policy to be [group omitted] influenced by fear of Italy

On his return journey he has taken action on these two last points, which he hopes will be useful and in accordance with your views

At Belgrade he spoke to M Stoyadinovitch in the sense of (1) saying that although he appreciated the Yugoslav point of view and objects in concluding treaty it would be well to be prudent in the matter of emphasis and construction placed on treaty M Stoyadinovitch said he well understood this and would be most prudent, but of course it was Italian press that was claiming an Italian diplomatic triumph in converting Yugoslavia into Italian orbit He assured Turkish Prime Minister that there was absolutely no change in his policy of close friendship in Balkan general purpose with her Balkan allies, nor in pursuit by Yugoslavia in conjunction with them of a policy running parallel in the Mediterranean to that of His Majesty's Government He fully recognised that British power in the Mediterranean was surest guarantee of peace and stability

In Athens his Excellency similarly [group omitted] ed M Metaxas whom he asked point blank whether it would be a good thing or a bad thing for Greece and her policy if England became weaker in the Mediterranean and Italy

stronger M Metaxas answered that such an eventuality would be disastrous for Greece Ismet said that Turkey took precisely the same view and so did Yugoslavia But in any [group omitted] he knew that His Majesty's Government were not going to allow that position to come about, on the other hand they would become stronger He therefore exhorted M Metaxas to pursue closely, together with Turkey and Yugoslavia the policy of parallelism with policy of His Majesty's Government M Metaxas expressed his full accord

I took this opportunity (see your telegram No 78) to express your satisfaction with the nature of the reply returned to Italian overtures

Ismet also told me that Italian Minister had called on him in Athens and enquired what impression he had formed in London about Anglo Italian relations Ismet said there was nothing anti Italian in British policy, but both Government and public opinion although perfectly calm were [group omitted]ed and irritated at continuists in Rome and attitude towards Coronation for which they saw no good reason

Italian Minister's justification of attitude of Rome seemed to me and, I think to Ismet also as obviously taken from Consalta's copy book and therefore not worth recording

(Repeated to Athens and Belgrade)

E 2965 425 44] No 93

Sir P Loraine to Mr Eden (Received May 29)

(No 42 Confidential)
(Telegraphic) *Istanbul, May 28 1937*

FOLLOWING for Sir R Vansittart

Turkish Prime Minister told me yesterday that he had raised in London, and principally with the Chancellor of the Exchequer, the question of a credit of £15 million being facilitated to Turkey

I had no idea whatever that he contemplated doing anything of the kind You are however already aware of my views on the subject (please see especially my letter to Secretary of State for Foreign Affairs of the 12th March) and I hope to discuss it with you shortly in London

Ismet told me he had, however been distressed because he detected or thought he detected a suspicion that he was trying to drive an Oriental bargain in the sense that Turkey's good political behaviour could not be relied on unless this credit was obtained

He hoped that he had been able to remove any such impression There was no thought of bargaining in his mind Turkey's policy was determined and would not change Her interests coincided everywhere with ours A credit would reinforce her strength to carry out that policy She needed credit and would prefer to have it from her British friends There was no other country towards whom she would willingly contract such an obligation

I feel sure that you can rely on Ismet's sincerity in this matter

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E 2933 1592 44] No 94

Mr. Peterson to Mr. Eden.—(Received May 31)

(No 102.)
Sir, *Sofia May 21, 1937*

WITH reference to your telegram to Constantinople No. 1 of the 14th April, regarding the proposed Black Sea Pact, I have the honour to state that the head of the Political Section at the Ministry for Foreign Affairs raised this subject with me yesterday evening

2. M Petroff said that the object of M. Aras's forthcoming visit to Moscow was to persuade the Soviet Government to join a pact of this nature. The latter were very unlikely to consent. When I asked whether Bulgaria and Roumania had been approached, M Petroff said that they had But the suggestion did not appeal to Bulgaria nor, as he seemed to think, to Roumania There were too many pacts already, and Turkey was particularly assiduous in adding to their number

3. The Bulgarians clearly regard the idea of this pact as originating with the Turks.

4. I am sending copies of this despatch to His Majesty's representatives at Moscow, Angora and Bucharest.

I have, &c.
MAURICE PETERSON.

E 3140 2846 31] No. 95

Mr Morgan to Mr Eden (*Received June 10*)

(No. 329)

Sir, *Angora, June 5, 1937.*

I HAVE the honour, with reference to my telegrams No. 115 of the 31st May and No. 118 of the 1st June, to inform you that His Highness the Amir of Transjordan arrived at Istanbul from London on the 30th May. His Highness while in London assisting at the Coronation of Their Majesties, expressed to the Turkish Prime Minister his desire to revisit Turkey where he had formerly spent seventeen years of his life. The present visit was the result of this conversation. It was essentially non-political, but was invested by the Turkish Government with some pomp and ceremony in view of the rank and position of their guest.

2. On arrival at Istanbul His Highness, who had in his suite Major E. W. Northfield his aide-de-camp, was met by the civil and military authorities and by the first secretary of this Embassy. A guard of honour was drawn up on the platform of the railway station. During Tuesday his Highness received representatives of the local press, at which he is reported to have said to them that he desired to see Turkey in the vanguard of the oriental nations, and these nations united by good neighbourly relations. He rejoiced at the settlement of the sanjak question, which he had always considered as a dispute between two brothers, Turkey the elder having behaved with becoming consideration towards its younger brother Syria.

3. Asked about Palestine, His Highness was reported as saying that the idea of a partition of Palestine between Arabs and Jews was not new, but that it pleased neither of them. In regard to Transjordan, any change in its status was dependent on the issue of events in Palestine. The relations of Transjordan with His Majesty's Government were of the friendliest.

4. His Highness arrived in Angora from Istanbul on the 31st May and was met at the station by the Turkish authorities and myself and staff. During the day his Highness was received by the Acting Minister for Foreign Affairs, Major Northfield being present at the interview, and by the President of the Republic. I was not advised of these two visits, nor was I present at them and therefore drew the attention of the Acting Minister for Foreign Affairs to the seemingly impropriety of conduct of the Turkish authorities. He assured me that no slight had been intended, and that, on the Turkish side, the emphasis of the conversations with his Highness had been on the existing Anglo-Turkish friendship, and on the wisdom of the maintenance by Transjordan of friendship with His Majesty's Government. This statement of M. Saracoglu Sukru was subsequently confirmed by his Highness the Amir.

5. As a result of my remarks to the Acting Minister for Foreign Affairs, I was invited to be present at banquets given to his Highness by the President of the Grand National Assembly and by the Prime Minister. To the first of these functions no other foreign representatives were invited, the Minister of Iraq assisted at the second. The Ministry for Foreign Affairs were also present in force at a tea party at His Majesty's Embassy.

6. On the first night of his arrival at Angora his Highness assisted at a reception at the Angora Palace Hotel given in his honour by the Acting Minister for Foreign Affairs. The Diplomatic Body were also present. At the end of the reception his Highness retired to his apartments, and many of the guests had also left or were preparing to leave, when the President of the Republic appeared in day costume. His Highness returned from his rooms and enjoyed until 6 A.M. and without yielding to presidential pressure to drink wine, the presidential conversation. In the course of the sitting, Ataturk was moved to command Major Northfield, A.D.C. to his Highness, to take down a message.

A copy of this message has been given to me by Major Northfield, and I have the honour to enclose it herewith.

7. His Highness left Angora on the 2nd June for Istanbul, where he will stay for about a week as the personal guest of the President of the Republic. The palace of Beylerbey has been assigned to him for his use during his stay.

8. His Highness has been given a very friendly reception by the Government, the public and the press, and has left the general impression in Angora of a man of personal charm and good sense.

9. I am sending a copy of this despatch to the High Commissioner at Jerusalem.

I have &c.
JAMES MORGAN

Enclosure in No. 95

STATEMENT made verbally by his Excellency Ataturk the President of the Turkish Republic, to Major E. W. Northfield, A.D.C. to his Highness the Amir of Transjordan, in the presence of his Highness the Amir of Transjordan, Farid Bey ex-Turkish Ambassador in London and now the Turkish Minister in Poland, General Fertaf Pasha, Dr. Jameel Pasha Tutengil, Semir Bey Rifki, and the three A.D.C.'s of his Excellency Ataturk, in the Angora Palace on the evening of the 31st May, 1937.

"I have had two meetings to-day with his Highness the Amir, first when he called on me this afternoon, and again this evening, when I returned his call. On both occasions we discussed the friendship which exists, on the one hand, between his Highness and the British Government and on the other between the British and Turkish Governments.

In answer to a question put to me by his Highness as to the present relations between Turkey and Britain, I replied that the friendship is much stronger and more deeply rooted than any friendships usually established in documentary form. We have implicit faith in Britain's word and friendship.

"His Highness told me he entirely shares my views regarding the depth and value of Britain's friendship, and he said that the wisest are those who gain Britain's friendship.

I can tell you that I know that his Highness is a true and valuable friend of the British Government.

"I am now about to make a statement to you which I ask you to convey to the British Government. His Highness is not aware of what I am about to say nor has he asked me to make such a statement to anyone.

It is in my opinion the best interest of Britain to benefit from such an honourable and distinguished person as is his Highness, especially bearing in mind the bonds of friendship which exist between his Highness, the British, Turkish and Arab nations.

"I am sure that His Highness is quite content with his position, but, in strongly advocating that favourable consideration be given to his future, I only exercise the liberty of doing so in the knowledge of my own deep friendship with the British Government. To widen the powers of his Highness by making him a King would be a great service not only to the Arabs who adore him, but also to the British Government, who have in him a strong and extremely reliable friend in whom the fullest confidence can be placed.

"I entrust to you the very important duty of conveying the whole of this confidential conversation to the British Government, and command you to immediately write it down and bring it to me for verification."

In accordance with this instruction, I immediately prepared the foregoing statement which was read and approved by his Excellency Ataturk.

E. W. NORTHFIELD *Major*
(The Arab Legion, Transjordan)
Personal A.D.C. to his Highness the Amir of Transjordan

Angora Palace May 31, 1937

[E 8282/141/44] No. 96.

Sir E. Phipps to Mr. Eden.—(Received June 17.)

(No. 747.)

Sir, *Paris, June 16, 1937*

I HAVE the honour to transmit to you herewith a copy of a note from the Ministry for Foreign Affairs of the 7th May, enclosing (i) certified copies of the *procès-verbal* of the deposit of ratification by Japan of the Straits Convention signed at Montreux on the 20th July, 1936, (1) and (ii) certified copies of the *procès-verbal* of the deposit of the ratifications by Bulgaria, France, Great Britain, Greece, Roumania, Turkey, the Soviet Union and Yugoslavia (1). The latter cancels and replaces the copy of the *procès-verbal* of the deposit of ratifications by the Powers concerned which was communicated to the French Government on the 12th November, 1936.

2. I have the honour to add that the delay in transmitting these documents was due to the necessity of correcting an error which had accidentally been made in the note from the Ministry of the 7th May.

I have, &c.
ERIC PHIPPS

(1) Not printed.

E 8390/188/44] No. 97.

Mr. Morgan to Mr. Eden.—(Received June 22.)

(No. 20. Saving.)
(Telegraphic.) *En clair* *Angora, June 16, 1937*

MY telegram No. 126.

Following is a summary of Prime Minister's remarks on Turkish foreign policy:-

2. Turkey's relations with the U.S.S.R. are friendly and sincere and have even gained in cordiality. Those who have affected to observe a certain coolness in these relations have paid insufficient attention to the long test which they have undergone, and to the principles of Turkish policy. I hope that all doubts will now be dispelled. In the present state of the world it is desirable that this friendship should be perpetuated, we have agreed with M. Litvinov that it shall remain an abiding factor in the policies of the two countries.

3. The Minister for Foreign Affairs will shortly visit Iraq, Iran and Soviet Russia. I would have wished him to visit Kabul also, but this is a practical impossibility. He will, however, take the first available opportunity of undertaking this journey.

4. The Eastern Pact between Iraq, Iran and Afghanistan has been initialled. The U.S.S.R. and Great Britain have cognisance of this pact and I have evidence that they welcome it. The close relations between Turkey and these countries are assured by separate treaties. Dr. Aras's journey is unconnected with the objects of the pact.

5. Turkey's relations with the United Kingdom are based on genuine friendship and confidence. When in England I found, amongst those best qualified to express it, a feeling of sincere friendship for Turkey and British statesmen made it clear to me that they wished me to carry that feeling back to Turkey and make it known. The same confidence and sympathy were expressed in private circles. England's efforts in the cause of peace correspond with Turkey's ideas and the mutual confidence of the two countries will do much to develop relations between them and help the cause of international security in general.

6. Political relations with Italy are very good, and economic relations are developing. Turkey's genuine wish is that these relations should be of the best, that misunderstandings in the Mediterranean should disappear and that the causes of dispute between all States should be removed. Turkey knows that

security and stability in the Mediterranean are a precious asset. She would welcome any measures calculated to promote such security.

7. As regards France, I found in all quarters a serious desire for friendship with Turkey. As to the Sanjak of Alexandretta (Hatay), the real value of the settlement which has been reached is the conviction it has brought that the question has ended well. Turkey regards the settlement achieved as a final liquidation of the question. She asks for nothing save the loyal and effective application of the findings of the League of Nations. All the elements of such loyal application are in being. Certain politicians (to use the mildest expression) who misunderstand the situation or are being encouraged to trouble it, do not feel at ease after the League's decision. In this connexion certain points should remain in view. At the moment, it is the duty of France to apply the treaties which have just been ratified and Turkey and France are together responsible for maintaining by all available means the integrity of the sanjak. Finally these principles emanate from the League and are, indeed, a League responsibility. The treaties will be applied through the strength and goodwill of the parties, but if political sabotage really goes to the length of ignoring these international instruments, the Government will not hesitate to have recourse to the League. The settlement and its execution are under a collective guarantee of the League States. It is to be hoped that those statements calmly uttered will ensure the loyal execution of the agreement. I have frequently expressed Turkish sympathy with the Syrian people, but it is impossible to say that, at the present moment, the circumstances are encouraging. My conviction is however that the nations will lend by imposing their real interests on the politicians. Discussions regarding the treaties which develop on the Syrian frontier are proceeding favourably, and no dispute exists on the principle that security must prevail. I hope that, after the happy issue of particular problems, France-Turkish relations will enter on a new era of development and solidity.

8. As regards the Balkan *bloc*, relations between the members have been shown to possess a cordiality which has attracted universal attention. The special policies which [illegible] on account of their different facets by the four Balkan States follow from time to time have given rise to propaganda to the effect that their respect for the obligations imposed by the *entente* is decreasing. My close contact with the other Balkan States has proved the falsity of this suggestion.

9. As regards Bulgaria, those most competent to speak have affirmed her intention to preserving peace in the Balkans and of developing good relations with her neighbours. She is bound to Yugoslavia and Turkey by special treaties and has declared her decision to establish a similar relationship with Greece and Roumania. Turkey cannot but encourage and assist her along this path. The establishment of warm friendship in the Balkans between Bulgaria and her neighbours is an aspiration which Turkey warmly welcomes. I will not treat Turkey's relations with Bulgaria in detail. The questions on which Turkey is sensitive are known and it has been recognised that the two countries have a mutual interest in respecting reciprocally these sensitive points and in developing their friendship.

10. As regards the League of Nations, the strength and the weakness of that institution has of late been greatly exaggerated. It is Utopian to expect the League to settle great problems with ease, it is equally unrealistic to say that the League is of no utility.

11. The reason for the League's present weakness is it is without the help of the States which *de facto* and *de jure* remain outside it. If those States united their efforts to those of the States members, the League's authority would be greatly indeed ideally strengthened. Such as Turkey's wish but even now its value is not small. The fact that so many nations proclaim their union in support of peace is in itself a bulwark, and it is of by no means negligible interest that the interests of so many nations should meet and understand one another. Moreover experience has shown that the League is a valuable instrument for the study of international questions and in certain circumstances for finding remedies. Its ideal is one to which the whole world should make a contribution. The Turkish Government is loyally and sincerely convinced that it is a useful institution, and tends to pursue a policy in accordance with its principles.

12. Turkey desires peace and wishes to serve its cause, but it must be realised that, despite all the efforts which are being made to ensure it, international peace does not rest on unshakable foundations. Turkish safety and

interest lie in peace. It is not in her interests that it should be broken, even at a distance. Turkish security is not to be sought in conflicts between any other States whatsoever; it is perfectly compatible with good relations between others and can be ensured in that way. Turkey does not, therefore, intervene in disputes between any two foreign countries. She deeply deplores them.

[E 3383/468/44] No. 98.

Mr. Morgan to Mr. Eden (*Received June 22*)

(No. 21. Saving.)
(Telegraphic.) *En clair.* *Angora, June 16, 1937.*

MY telegram No. 19. Saving of 15th June, paragraph 2, and Sir P. Loraine's despatch No. 311 of 23rd May.

In the course of his statement on 14th June to the Grand National Assembly on the subject of internal policy, President of the Council alluded to the disturbances in the Kurdish regions. He stated that, certain local chiefs having offered opposition to the special programme of reform inaugurated two years ago with a view to civilising those regions, Government had been obliged to take military measures towards the end of March. Authority of the Government and gendarmerie was now completely re-established and programme of reform would continue. Adequate military forces had been left on the spot.

President of the Council denied stories of considerable engagements and heavy losses. He stated that during the three months' operations Government's losses amounted to thirteen dead and eighteen wounded, including one officer.

[E 3438/468/44] No. 99.

Mr. Morgan to Mr. Eden (*Received June 24*)

(No. 345.)
Sir, *Angora, June 12, 1937.*

WITH reference to paragraph 4 of my despatch No. 446 of the 30th December, 1931, I have the honour to inform you that the Minister of Agriculture M. Muhlis Erkmen, has tendered his resignation on grounds of ill health. The resignation has been accepted and he has been succeeded by M. Sakir Keseler, Deputy for Tekirdag. A record of the new Minister's career is given under No. 79 in the Turkish "Personalities" report for the current year (Sir P. Loraine's despatch No. 3, Confidential, of the 1st January).

I have &c.
JAMES MORGAN

[E 3441/425/44] No. 100.

Mr. Morgan to Mr. Eden (*Received June 24*)

(No. 352 E.)
Sir, *Angora, June 15, 1937.*

I HAVE the honour, with reference to my despatch No. 323 of the 3rd June regarding the Turkish budget estimates for the financial year 1937-38, to submit the following analysis, prepared by the commercial counsellor of His Majesty's Embassy, of the final estimates which have been approved by the Grand National Assembly and were published in the *Official Journal* on the 1st June. An analysis of the State Railways budget will follow in a separate despatch.

2. Revenue for the year 1937-38 is estimated at £T. 231,020,000, as compared with £T. 212,764,000 in 1936-37 and expenditure at £T. 231,017,776 compared with £T. 212,755,580 in the preceding financial year. It will be observed, therefore, that the Turkish Government has budgeted for an increase in revenue of £T. 18,256,000 and for an increase in expenditure amounting to £T. 18,252,196.

3. The principal sources of ordinary revenue for 1937-38 are assessed as follows (the estimates for the preceding year are given for purposes of comparison) —

Sources of Revenue

Part I.—*Taxes on Income and Property*

		1937-38 £T	*1936-37* £T
1	Tax on cattle	15,500,000	15,500,000
2	Taxes on profits	20,275,000	20,200,000
3	Tax on inheritance	400,000	400,000
4	Royalties	650,000	700,000
	Total	36,825,000	36,800,000

Part II. *Taxes on Transactions and Consumption*

5	Customs duties, &c.	46,850,000	37,650,000
6	Transaction tax (imports, industries, banking)	22,640,000	19,150,000
7	Consumption taxes (sugar, light petrol, &c.)	18,822,000	15,150,000
8–11	Fishing and shooting licences, transport navigation and		
14–18	Surveying, notarial fees, &c.	5,511,000	5,780,000
12	Stamp duties	6,415,000	6,250,000
	Total	101,238,000	83,980,000

Part III. *Monopolies*

19–22	Monopolies profits	37,959,000	36,610,000

Parts IV, V, VI. - *Sundry State Establishments, &c.*

23–37	Total	3,482,000	5,230,000

Part VII. *Sundry Revenues*

		1937-38 £T	*1936-37* £T
38	Treasury operations	1,770,000	1,900,000
39	Aviation duties	2,600,000	2,450,000
40–46.	Various	5,737,000	6,194,000
	Total	10,107,000	10,544,000

Part VIII. *Special Taxes*

47	Crisis taxes	12,979,000	12,000,000
48.	Equilibrium tax	17,580,000	17,000,000
49	Aviation tax	4,870,000	4,000,000
50	Corn protection tax	7,000,000	6,600,000
	Total	42,409,000	39,600,000
	Grand total	231,020,000	212,764,000

4. These estimates are conservative, as they are based on revenue actually collected during the first ten months of the year 1936-37. Details of later figures were not available at the time when the estimates were being prepared, but the Minister of Finance, in introducing his budget to the Grand National Assembly, stated that the total receipts for the eleven months ending 30th April had actually

amounted to £T 219,500,000, or £T 6,700,000 in excess of the estimate for the twelve months.

5 In the following five paragraphs the results of revenue collection for the first ten months of 1936-37 are analysed briefly, the component items being taken in the order in which they appear in the estimates. It will be noticed that almost all revenues derived from taxation, whether direct or indirect, have followed in 1936-37 the steady upward trend which was already evident in 1934 and 1935.

6 In the first place, although the incidence of the cattle tax was lightened in 1936, the yield for 1936-37 was higher than in the preceding year, owing to the greatly increased number of head of cattle. It is probable that, with the continued growth of the number of cattle, the estimated yield for 1937-38 will be exceeded.

7 Profits taxes give a misleading impression of greatly increased productivity owing to the inclusion in the 1936-37 figures of a proportion of their yield which had previously been attributed to various administrations. When allowance is made for this, however, it still appears that some progress was made, and there seems no reason to anticipate that this item will not come up to the Turkish Government's expectations in 1937-38.

8 Customs duties and transactions taxes on imports and on industry supply the most notable increases in the yield from indirect taxation. This has been due both to a less restrictive policy as regards imports and to increased industrial activity. Both of these causes will continue active during the coming year and larger increased receipts are anticipated accordingly.

9 (*a*) Consumption taxes without making any spectacular rise have none the less continued to increase steadily. Sugar consumption is still increasing, and this and the needs of the growing Turkish industries for various other articles also subject to these taxes promise a continued progress in the coming year.

(*b*) Transport, stamp and notarial duties have all increased in 1936, and further slight rises have been budgeted for.

(*c*) Monopoly taxes and profits (tobacco, salt, alcohol, powder and cartridges) have increased considerably.

(*d*) The recently introduced taxes known as "crisis" equilibrium and "aviation" taxes respectively, which are based upon wages and salaries, are most lucrative, and the amount to be collected from them is expected to increase.

(*e*) The revenue from the tax for the protection of corn has also increased.

10 (*a*) There have been declines in one or two small items, such as dead duties and mining royalties, which the Turkish Government appear to regard as temporary, for they have not reduced their estimates for the coming year.

(*b*) Revenues derived from sources other than taxation or monopolies show in general a slight fall, but as these only constitute a small proportion of the total income this fall is more than offset by the upward movement in those items which are an index of prosperity, and does not justify any lack of confidence in the results of the present budget.

11 The principal increases in revenue which are anticipated in 1937-38, as can be seen from the table given in paragraph 3 above, are as follows:

	£T
(1) Customs duties and transactions tax on imports	11,700,000
(2) Internal consumption tax	3,672,000
(3) Crisis taxes, &c.	2,809,000
(4) Monopolies	1,349,000
(5) Transactions taxes on industry	1,040,000
(6) Net increase on other taxes	53,000
Total	20,623,000
From this must be deducted the forestry royalties and other revenues which have been transferred to the supplementary budget of the forestry administration	1,930,000
And estimated decreases in sundry other revenues	437,000
Total	2,367,000

Giving a net increase of £T 18,256,000

12 In order to emphasise the conservative nature of the estimated increases given above, the following table compares the estimates for the year 1936-37 with actual receipts in the first ten months of that year:

	Estimate for 12 months £T	*Receipts for 10 months* £T
Customs duties	37,650,000	37,775,517
Transaction taxes	19,150,000	18,038,764
Consumption taxes	15,150,000	14,808,247
Monopolies	36,610,000	34,756,228
Crisis taxes &c.	39,600,000	37,170,602

Under the first four of these headings there has been a steady increase in receipts for the past three years, while under the last (crisis taxes &c.) the aviation and corn protection taxes, which were created in 1936, have yielded a most satisfactory return. The increased revenue from customs duties which might appear to be estimated on a less conservative basis, is to be obtained, according to the Minister of Finance, by the abolition of the present restrictive quota regime and allowing greater freedom for imports (see O.T. (B) despatch 154-37 of the 28th May last).

13 The favourable opinion of the country's taxable capacity held by the Turkish Government is still further emphasised by the extraordinary credits authorised to a total of £T 36,086,000, which are to be met out of extraordinary receipts as and when they are collected. These special credits exceed those authorised for 1936-37 by £T 5,306,000. During the first eight months of 1936-37 extraordinary receipts amounted to £T 30 million and already covered the special credits authorised for the whole of that year.

Expenditure

14 The following are the main items of ordinary expenditure authorised for the year 1937-38, compared with the corresponding allocations for 1936-37:

	1937-38 £T.	*1936-37* £T
Grand National Assembly	3,627,004	2,901,480
Presidency of the Council of Ministers	1,302,165	1,211,240
Ministry of Finance	20,251,749	17,715,158
Public Debt	49,149,275	45,728,100
Ministry of Customs and Monopolies	5,643,976	5,101,100
Ministry of Interior	4,856,198	4,724,022
Directorate General of Public Safety	5,666,907	4,573,790
Gendarmerie	10,210,300	8,871,080
Ministry for Foreign Affairs	3,305,925	3,195,790
Ministry of Health	6,498,737	5,458,180
Ministry of Justice	9,246,603	8,708,880
Ministry of Public Instruction	12,229,371	10,270,600
Ministry of Public Works	15,773,108	14,070,790
Ministry of Economy	5,668,316	4,180,000
Ministry of Agriculture	6,112,962	8,040,830
National defence and military factories	67,232,004	63,796,190
Other items	4,243,050	3,515,800
Totals	231,017,776	212,755,580

15. The total increase in ordinary expenditure provided for is £T 18,262,196, which is distributed throughout all the Government departments. The principal increases are in—

	£T
(1) National Defence	3,435,814
(2) Public Debt	3,421,175
(3) Ministry of Finance	2,536,591
(4) Ministry of Public Instruction	1,958,681
(5) Ministry of Economy	1,487,418
(6) Gendarmerie	1,338,320
(7) Ministry of Public Works	1,102,319
(8) Directorate General of Public Safety	1,093,177
(9) Ministry of Hygiene	1,040,557

There is an apparent reduction in the estimate for the Ministry of Agriculture, which is due to the transfer of the allocation for forestry to a special administration with a separate budget.

16. National Defence is as usual the heaviest item of expenditure, and accounts for 33 per cent of the ordinary and extraordinary allocations together as against 30 per cent last year. The full amount devoted to defence is composed as follows —

	1937 38 £T	*1936 37* £T
I Ordinary credits		
(*a*) Land forces	49,204,880	46,314,500
(*b*) Air forces	7,842,493	7,009,470
(*c*) Sea forces	6,283,826	5,761,780
(*d*) D.G. of military factories	3,005,293	3,005,270
(*e*) D.G. of military surveying and cartography	745,512	745,170
Total ordinary credits	67,232,004	63,706,190
II National Defence Bonds (included in "Public Debt")	7,700,000	7,573,578
III Extraordinary credits	9,650,000	12,500,000
IV Voted recently for discounting bonds maturing in 1937 38	2,400,000	
Grand total	86,982,004	83,869,768

17. (*a*) The Public Debt totals include the following credits to be used by different Ministries:

	£T
Defence	7,700,000
Public Works	2,229,787
Economy	1,300,000
	11,229,787

The service of existing external debts covered by the public debt allocations accounts for £T 7,004,550, or 3 per cent of the total budget, while £T 3,309,384 or 1·4 per cent is appropriated to the service of internal loans, and a further £T 5,007,305 to internal floating debt.

(*b*) There is also an issue of bonds for extraordinary expenditure, to a total of £T 6,000,027 representing an increase of £T 5,000,027 over the last budget. The remaining third of the Public Debt, amounting to £T 10,660,108 is devoted to pensions.

(*c*) It must be borne in mind that there are sundry other debts arising out of the expropriation and redemption of various railway and port companies, which constitute a State liability but are attributed to the separate budgets of the State Railways, the Istanbul and Izmir Ports and the Directorate of the Istanbul Water Supply.

18. In the allocation to the Ministry of Finance there is included a sum of approximately £T 8 million for subsidies to various administrations.

19. The Ministry of Public Works credits account for 11 per cent of the State budget. The increase in the allocation for this Ministry is due to separate credits for the purchase of material for the Sivas-Erzerum Railway and the payment of other charges arising out of the construction of this line which will not be covered by the fourth issue of the loan for the line which is to be constructed this year. There are also included in this Ministry's budget sums totalling £T 4,399,000 for the building of ministerial offices—an increase over last year of £T 1,050,000.

20. The increase voted for the Ministry of Economy is mainly due to a credit to the new Mines Institute and to expenses arising out of export control.

21. A new item in the budget this year is the newly created Direction General of Meteorology, for which £T 517,085 has been voted.

22. One of the chief objects of increased expenditure in almost every Ministry and department is the reorganisation of existing services, the development of new services and increased allocations for salaries as a result of these changes, among them being an increase in the police force and the gendarmerie, which account for a rise of £T 1,093,177 in the Sûreté budget, and £T 1,338,320 in the gendarmerie.

Capital Expenditure under Extraordinary Credits

23. Extraordinary credits granted in the special budget for 1937-38, to which reference has been made in paragraph 13, are the following:

	1937 38 £T	*1936 37* £T
Ministry of Public Works	10,386,000	4,918,000
Ministry of Economy	10,075,000	7,595,000
National Defence	7,150,000	9,500,000
Ministry of Hygiene	3,400,000	4,150,000
Military factories	2,500,000	3,000,000
Ministry of Public Instruction	1,035,000	817,000
Ministry of Agriculture	630,000	700,000
Ministry of Finance	550,000	
Ministry for Foreign Affairs	240,000	
Gendarmerie	120,000	100,000
Total	36,086,000	30,780,000

24. The principal items of expenditure covered by these extraordinary credits are as follows:

	£T
By the Ministry of Public Works—	
Irrigation works	4,250,000
Railway construction	4,320,000
By the Ministry of Economy	
Merchant shipping	5,000,000
Subsidy to Ete Bank	1,000,000
Subsidy to Sumer Bank	4,075,000
By the Ministry of Hygiene—	
Installation of immigrants	2,500,000
Hospital construction	900,000
By the Ministry of Public Instruction—	
Construction of schools and university buildings at Istanbul and Angora	735,000
By the Ministry of Agriculture—	
Improvement of fruit crops	630,000
By the Ministry of National Defence—	
For army :	
Ordnance	3,700,000
Equipment	1,100,000
For air force	2,000,000
For navy	
Armoured storage tanks	350,000
Military factories: Tanks	350,000

25 Amongst the sources of extraordinary revenue out of which the above extraordinary expenditure will be met, figure the following items

	£T
Issue of new silver coinage	5,000,000
Sivas–Erzerum Loan	4,500,000
Advances under article 38 of Law No. 1715, as modified by Law No. 3133 (see Sir P. Loraine's despatch No. 229 E of the 20th April, 1937)	10,000,000
Advances on securities	1,000,000

26. The Finance Law covering the budget estimates, empowers the Treasury to carry out the following operations :—

(1) To open current accounts with the Ottoman Bank on short term credits.
(2) To issue 5 per cent. bonds redeemable in seven years to cover debts arising from the 1932-33 budgets.
(3) To issue bills up to a total of £T. 800,000 for the construction of silos. These bills to be met by credits to be allocated for the purpose in the 1938 and 1939 budgets.
(4) To guarantee the accounts opened with national banks by vilayets whose revenues are inadequate.

27. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

[E 3442/466/44] No. 101

Mr. Morgan to Mr. Eden. (*Received June 24.*)

(No. 353.)
Sir, *Angora, June 15, 1937.*

I HAVE the honour to inform you that, in a recent message to the Grand National Assembly, the President of the Republic announced that he had decided to present to the State the model farms, complete with stock and equipment, which he has founded at different times, in various parts of Turkey, and requested that the necessary legal formalities should be executed.

2. That this generous gesture should be received with fitting expressions of gratitude was only to be expected. It has, however, created a wave of emotion in Turkish official circles of almost startling dimensions. The Minister of Foreign Affairs, when I saw him on the 12th June, spoke of the President's action with deep, and obviously genuine feeling, and his language confirms the impression that Ataturk is still looked upon as a species of demi-god whose every act has a more than human significance and must be acclaimed with extravagant, and indeed, slightly fulsome praise.

I have, &c.
JAMES MORGAN.

[E 3443/1027/44] No. 102

Mr. Morgan to Mr. Eden. (*Received June 21.*)

(No. 355 E.)
Sir, *Angora, June 16, 1937.*

I HAVE the honour to inform you that the Turkish press has reported the discovery of rich deposits of iron ore in the neighbourhood of Divrik, about 100 kilom. north of Malatya. It is also stated that the Minister of National Economy will shortly visit Divrik accompanied by mineralogical experts.

2. The commercial counsellor of His Majesty's Embassy believes that there may be some truth in this report, as M. Celal Bayar himself recently informed Colonel Woods that a rich iron mine had been discovered in that district.

3. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

E 3447/466/44] No. 103.

Mr. Morgan to Mr. Eden.—(Received June 24.)

(No. 361.)
Sir, *Angora, June 17, 1937.*

I HAVE the honour, with reference to my telegram No. 21, Saving, of the 16th June, to inform you that the Turkish press has now published a number of telegrams from a correspondent who is stated to have followed the recent military operations in the Dersim area. A regrettable feature of these telegrams, now that the Alexandretta question has been satisfactorily settled, is the insinuation which they contain that the whole trouble was caused by "spies coming from the south." It is represented that these individuals shattered the contentment of a people who, thanks to Turkish administrative genius, had abandoned their old ways and had settled down to a life of law and order.

2. According to the correspondent's reports, the revolt was started by a tribal ultimatum calling upon the Government to refrain from establishing police posts, from collecting arms, &c. Attacks on the Turkish forces then took place and bridges were destroyed, necessitating immediate and successful repressive measures. The rebels had now been surrounded. "5,000" had been killed and wounded, and the final struggle appeared likely to take place in the mountain of Sultanbaba. The correspondent further alleges that the rebel chiefs, whose names are given as Hassan Mekki and Seyit Riza, deceived the people by means of a forged letter enquiring why the Dersimis, who had never capitulated before, had surrendered to the new inspector general, who had come with neither troops nor arms.

I have, &c.
JAMES MORGAN.

[E 3448/3448/44] No. 104

Mr. Morgan to Mr. Eden. (*Received June 24.*)

(No. 362.)
Sir, *Angora, June 17, 1937.*

Mr. P. J. DIXON, second secretary at this Embassy, recently, from the 10th June to the 13th June, paid a visit to certain interesting Phrygian remains in the vicinity of Afyonkarahisar. Notice of his visit had previously been given to the Vali of the province, through the good offices of the Ministry for Foreign Affairs, and instructions had been sent to him to give to Mr. Dixon all facilities. These were afforded to the fullest extent and with the greatest goodwill.

2. Mr. Dixon has prepared a report on his tour, a copy of which I enclose, and which I venture to think will be read with a lively interest. It draws a graphic picture of a population of a district lying off the beaten track, benefiting indeed by the general security and prosperity assured by the Kemalist régime, but content to till the soil and live in the fashion of their forefathers, without seeming to appreciate that those marks of progress, book-learning, good drainage and uncomfortable clothing are necessary for their well being.

3. I agree with Mr. Dixon's conclusion that the Turkish Government seem in no hurry to force their reforms on the docile peasantry of Afyonkarahisar, "appreciating no doubt, that a large and contented, though backward, agricultural element is a stable factor in the population."

I have, &c.
JAMES MORGAN.

Enclosure in No. 104

Notes made after a Tour in the Vilayet of Afyonkarahisar.

General.

AFYONKARAHISAR has been called the gateway of Western Anatolia. Situated 2,500 feet above sea level in a hill-girt plain it lies in the central Anatolian upland plateau near its western edge. The broad physical

characteristics are those of the plateau-mountain systems of moderate height alternating with small plains and the general aspect, like that of regions further east, is one of open bareness. Owing, however, to its comparative proximity to the fertile coastal fringe on the west, the rigours of the plateau are tempered in this district which is, in consequence, more productive than regions more remote from the Mediterranean. Large areas are under cultivation for cereals and opium and there is no lack of good pasture land. Opium production in Turkey is centred in Afyon (which takes its name from the plant), in June the plains are chequered with areas vivid with the purple and white blooms of the poppy. On the outskirts of the town a large modern granary has recently been erected by a German firm and is operated under the direction of the German architect. The latter and his nephew, the artificer of an unpleasing bronze group representing the triumph of Kemalism which overlooks the main square of the town, are said to be the only foreigners living in Afyon.

2. Formerly Afyon was the place at which caravans on their way from the east to Smyrna assembled for the final stage of the journey. It still plays in some part the rôle of a half way house between Eastern and Western Anatolia, being the junction in this part of Turkey for trains to Smyrna on the west, Konya on the east and Eskishehr (for Angora and Istanbul) on the north.

Communications

3. In spite of its favourable position on the modern railway system Afyon is still extraordinarily remote. Trains from all directions arrive and leave between the inconvenient hours of 2 A.M. and 4 A.M. There is no connection by train with Angora and Istanbul on the day of arrival and only twice a week the express from Smyrna provides reasonably rapid transit to those places.

4. Roads do not exist. One or two paved *chaussées* run for a few miles outside the town, and even these abruptly. A road to Eskishehr is apparently under contemplation at present. I was told it would not be possible to drive a car between the two places. In Afyon itself, apart from the official cars of the Vali and the military, there are said to be only three motor driven vehicles.

5. In the country districts villages are connected by tracks used primarily by horses or oxen, but also passable in dry weather by the platform type horse drawn vehicle of Anatolia.

6. The districts visited in the course of this tour lie roughly within a triangle of which Afyon is the apex, at the south, and of which the base is formed by a line drawn between Liven (about 30 miles north of Afyon near the railway to Eskishehr) and Inish Kaya (about 25 miles east north east of Liven and 40 miles north east of Afyon). This district, which was occupied by the Greek forces in the course of the Graeco Turkish war during their advance on the Sakaria, is hilly and well watered. Streams can usually be forded, or crossed by primitive bridges stoutly constructed of logs and rough planks. Formerly the domain of the Phrygian kings, the district contains many notable monuments of Phrygian art.

Conditions

7. Afyon itself, with a population of 121,099 according to the figures of the 1935 census, has the aspect of an overgrown village. The main street is paved, there is electric light and the water is excellent. The renowned mineral water which is named after the place and is sold in the larger towns of Turkey comes from the springs at the neighbouring village of Gazligol, where the bottling process is carried out in a modern installation operated by the Turkish Red Crescent Society.

8. The arts of Afyon are primitive. Stone built houses of European design are rare. An inhabitant told me that only one private house was equipped with a bathroom, the majority of the inhabitants having recourse to the public baths when feeling an urge towards ablution.

9. In the outlying villages the standard of life is primitive. In the smaller villages of 200 to 300 inhabitants the dwelling places are huts made of sun dried brick and wood. An occasional stone house is found in the larger settlements, such as Kumbet (about 1,100 inhabitants). The remoter villages are almost completely cut off from the outside world. Kumbet was exceptional in having a weekly post brought on horseback from Saydi Gazi six hours away. The telephone exists only in villages close to Afyon. Simple food, bread cheese eggs and yoghourt, is plentiful and good. I did not see any alcohol in any of the ten or more villages visited.

10. It would appear that these districts have been little affected by the ideas of the new Turkey. Outwardly the men in their baggy Turkish trousers and gaily embroidered shirts, often with turbans on their heads and the brightly trousered women with their black veils, recall descriptions of the Turkey of the past century. The external aspect of these country regions is still completely oriental. At the approach of a stranger, the women working in the fields turned their backs, and in the village streets averted their faces to the wall or drew veils up to their eyes. A stay of any length of time in a village appeared to act like magic in driving the women within doors. The Arabic script was still in general use, for example, the tombstones in the village cemeteries bore inscriptions which were invariably in the old writing, including those which had been erected only this year.

11. Politics and the current topics of the day aroused no interest in these villages where the newspaper and the wireless have not penetrated. Once a village Muktar or head man, did allude in passing to the President of the Republic but in doing so he referred to him by the archaic title of "Kemal Pasha." The Turkish countryman, unlike his Greek or Spanish counterpart, is not a "political man" and appears to be placidly content with a life unruffled by the excitements of the newspapers or the passions of political discussion.

12. Evidently, little attempt has so far been made to penetrate these districts with modern ideas and their way of life is, I should think, much as it was before the Kemalist revolution. Living in small agricultural communities under the leadership of a head man, these contented and contenting people remain quite out of touch with the events of the outside world. Two of the villages visited, contained settlements of Russians from the Caucasus (Cerkes Koy and Isli Kaya) and one of Moslems from Bulgaria (Muhacir Koy); relations of friendliness appeared to prevail between the foreign and Turkish villages. Racial fanaticism has indeed never played a part with the Turkish peasant, and his worst excesses in the past against Armenians were only committed when he was acting under direct orders.

Education

13. The almost total lack of educational facilities is no doubt the primary cause of the retrograde condition of these country parts. Out of ten villages there was a school at one only (Kumbet, where about 100 children attended the primary school). The educational authorities plan to open schools in some of the other villages; in one village construction of a small school building had begun. At present the children work in the fields with their parents.

14. At Afyon itself there is a large *lycee*, a stone built construction reminiscent of the Kamutay building at Angora. About 160 secondary pupils of both sexes learn English, most receiving five hours a week and none less than four hours a week instruction in that subject.

Conclusion

15. It may perhaps be inferred that much the same conditions as those described above prevail in other country districts of Anatolia at some distance from the larger towns, except that conditions doubtless grow progressively more primitive as one goes further east. So long as communications are so defective, and in the absence of educational facilities, it seems likely that these districts, which account for a large proportion of the population, must remain to a great extent untouched by the ideas animating the modern Turkish State and will retain much of their primitive oriental backwardness. The Turkish Government, appreciating, no doubt, that a large and contented, though backward, agricultural element is a stable factor in the population, appear to be in no hurry to introduce reforms.

Note

16. I was accompanied during this tour by the Director General of Culture and the teacher of English at Afyon who had been asked by the Ministry of Public Instruction to give me facilities. All the local authorities, from the Vali downwards, were most obliging and helpful.

P. J. DIXON

Angora, June 16, 1937.

[E 3449/83/44] No. 105

Mr Morgan to Mr Eden—(*Received June 24.*)

(No. 363 E.) *Angora, June 18, 1937*

Sir,

I HAVE the honour, with reference to Mr Morgan's despatches No. 350 E of the 20th June, 1936, and No. 352 E of the 15th June, 1937, to inform you that the estimated figures of the income and expenditure of the State Railways for the financial year 1937–38, as voted by the Kamutay, are as follows:

	£T
Revenue	29,870,850
Expenditure	29,870,850

2. The revenue as estimated represents an increase of £T 6,500,850 over last year's vote (£T 23,370,000), which is to be derived partly from increased receipts from the existing services, and partly from the opening of 145·5 kilom. of new line, from the Oriental Railways which have now been purchased by the Turkish Government, from the operation of two sections of line belonging to the Chemins de Fer méridionaux (from Fevzipaşa to Meydanekbez, and from Toprakale to Payas), and from the projected bus and lorry services from Trebizond to Iran.

3. The receipts for the first ten months of the past financial year justify the expectation of increased revenues in the coming twelve months, for they show an increase over the corresponding period of the preceding year which amounts to £T 6,457,248.

4. The following table, comparing the receipts for the first ten months of 1936–37 with those for the corresponding period of the year 1935–36, may be of interest:—

	1936–37, 10 months	*1935–36, 10 months*	*Difference.*
	£T	£T	£T
Passengers	6,343,250	5,397,428	+ 945,822
Luggage	149,252	164,695	− 15,443
Parcels	514,659	344,924	+ 169,735
Express goods	1,036,225	764,820	+ 271,405
Slow goods	15,005,091	10,168,804	+ 4,836,287
Sundries	93,544	99,129	− 5,585
Haydarpaşa port	540,712	315,408	+ 225,304
Derince port	141,154	155,760	− 14,606
Alsancak landing stage	45,102		+ 45,102
Motor-trucks	2	775	− 773
Totals	23,868,991	17,411,743	+ 6,457,248

5. The above figures indicate that the receipts for the whole year from the 1st June, 1936, to the 31st May, 1937, will prove to be in the neighbourhood of £T 28,500,000, or more than £T 5 million in excess of the estimate. The estimated revenue to be derived from the same services during 1937–38 may be considered to be conservative as, notwithstanding this satisfactory result, it has been established at only £T. 26,920,000, the balance of the increased revenues, amounting to £T 2,950,850, being derived from the lines and services mentioned in paragraph 2, which were not hitherto controlled by the Directorate-General of Railways.

6. The working of the new lines and services will be responsible for a considerable increase in wages and salaries and administrative and running costs, bringing the total expenditure for the coming year up to £T 29,870,850 (the same figure as the estimated receipts), which is £T 6,506,193 in excess of last year's vote.

Other important new items of expenditure in 1937–38 are to be:

£T 500,000 for railway workshops now under construction at Sivas (authorised by Law No. 3071 of the 2nd December 1936),

£T 481,500 representing an annuity for the redemption of the Oriental Railways, and

£T 131,500 for the issue of bonds relating to the same redemption operation.

Against this, it has been possible, owing to the devaluation of the French franc, to reduce the allocation for the Anatolian Railway annuities by about £T 1,500,000 to £T 4,975,909.

7. At the same time the Finance Law 1937–38, covering the State budget, provides for extra credits totalling £T 4 million for the completion of the station at Angora and the workshops at Sivas, for the relaying of track and sundry repairs and for the purchase of cold storage wagons and snow ploughs. These credits will be covered by a loan to be negotiated by the Ministry of Public Works with a bank, which will be repaid out of the 1936–37 surplus and out of any excess income which may result from the current year and by special allocation in subsequent budgets.

The Directorate-General of Railways is further authorised to raise a loan from the banks amounting to £T 2 million, which shall be used to ensure a steady supply of funds, and for building up a stock of coal worth £T 600,000 and a reserve of materials worth £T 1 million.

8. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.

JAMES MORGAN

E 3889/425/44] No. 106

Mr Eden to Mr Morgan (Angora)

(No. 276.) *Foreign Office, June 24, 1937*

Sir,

I NOTE from Sir Percy Loraine's telegram No. 42 of the 28th May that the Turkish Prime Minister told him that he had raised in London and particularly with the Chancellor of the Exchequer the question of a credit of £15 million being facilitated to Turkey.

2. You may, of course, assure his Excellency that His Majesty's Government do not in any way entertain the suspicion that he was trying to drive a bargain in raising this question. On political grounds they would be very glad if it were possible for Turkey to obtain a credit in this country, as they recognise that this would reinforce Turkey's strength to carry out her policy, in which friendship to this country plays so important a part.

3. But if the Turkish Prime Minister should revert to the question, you should make it clear to him that there is nothing which you or His Majesty's Government can do to facilitate such a credit. It is not, and never has been, the practice of His Majesty's Government to intervene in negotiations between would-be borrowers and the London market. A loan cannot be successfully issued unless investors regard it as an attractive proposition from the financial point of view, and there is no action which His Majesty's Government could take which would induce investors to subscribe to a loan for Turkey unless it appeared to them to be adequately secured. In this connexion it must be borne in mind that investors who wish to lend their money to Turkey can at present buy Turkish bonds which yield a very high rate of interest.

4. A foreign Government which desires to raise a loan in London has, in the first instance, to consult its financial agent and adviser in London as to the prospects of such a loan. The London bank so approached forms an opinion whether a loan could be successfully floated by its knowledge of the credit standing in London of the foreign Government concerned, and, if necessary, by consulting stockbrokers and underwriters on the market.

5. It is, of course, at all times of great advantage to a foreign Government to have contact with the London market through a financial institution which is well known to, and highly regarded by, that market. It is understood that arrangements have been made for association between the Ish Bank and the Ottoman Bank in London. The Ottoman Bank in London is, as is well known, very highly regarded, and the Turkish Government can at all times rely on receiving expert and impartial advice from that institution.

6. As you are aware, the Treasury consider that there is little or no chance of Turkey being able to obtain market credits in London, and it would, of course, be desirable to leave the Turkish Prime Minister under no illusion on this point. But it should be emphasised that the matter is one which must necessarily be dealt with through financial channels, and not one on which His Majesty's Government, however great their goodwill to Turkey, can give any assistance.

I am, &c.

ANTHONY EDEN

[E 3845/208/44] No. 107

Mr. Morgan to Mr Eden.—(Received June 29)

(No. 378 E.)

Sir, *Angora, June 22, 1937*

I HAVE the honour, with reference to Sir Percy Loraine's despatch No 7 E of the 4th January, to inform you that a law, No. 3202, establishing the statutes of the new Agricultural Bank of the Republic of Turkey (Turkiye Cumhuriyeti Ziraat Bankasi) was published in the *Official Gazette* of the 12th June, 1937

2. The bank takes the place of the Agricultural Bank of Turkey (Turkiye Ziraat Bankasi) and will no longer be a limited company but a State Department similar to the Sumer and Eti Banks, and will assist agriculture in the same way as those two banks assist industry and mining respectively

3 Its activities will be directed along the same lines as those of the Sumer and Eti Banks, its principal object being the granting of credits to farmers It is also empowered to undertake normal banking business, to accept deposits, make advances and discount bills

4 The normal capital of the new bank amounts to £T 100 million, which will be derived from the following sources —

(*a*) £T 30 million from the capital of the present Ziraat Bankasi, which will be transferred to it

(*b*) 6 per cent of the proceeds of the real estate tax voted to the Ziraat Bankasi by virtue of Law No 1454

(*c*) An amount to be paid annually to the new bank by the Treasury from 1938 onwards, out of budgetary credits This sum is to represent ½ per cent. of the total credits voted and is estimated at about £T 1 200,000 per annum

(*d*) From extraordinary credits to be voted by the State over and above those stipulated in (*c*)

(*e*) From a percentage to be set aside for the purpose out of profits made by the bank

5 The new Agricultural Bank of the Republic of Turkey takes over all the rights and interests, assets and liabilities, debts and obligations of the former Agricultural Bank of Turkey

6. I am sending a copy of this despatch to the Department of Overseas Trade

I have, &c
JAMES MORGAN.

[E 3577 188/44] No 108

Mr. Eden to Mr Morgan (Istanbul)

(No. 22.)

(Telegraphic) R *Foreign Office, June 29, 1937*

IN House of Commons, on 25th June, I made the following reference to Turkey:

' The member for Caithness made a very interesting reference to the work of the League It so happens that within the last day or two I read a speech by the Prime Minister of a country which has recently submitted an important dispute to the League and has accepted its judgment I refer to Turkey, which, in that connexion, showed an example to many others The Turkish Prime Minister, speaking the other day, used language about the League which seems to me at once so wise and so apt that I should like to quote it to the House As regards the League of Nations, he said (Here followed the texts of paragraphs 10 and 11 of your telegram from Angora No 20, Saving, of the 16th June)

" Every single one of those words we can endorse "

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FURTHER CORRESPONDENCE

RESPECTING

TURKEY

PART XXXIV

JULY TO DECEMBER 1937

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CONFIDENTIAL

Further Correspondence respecting Turkey.

PART XXXIV.—JULY TO DECEMBER 1937

E 3626/386/44 No. 1

Mr. MacKillop to Mr. Eden.—Received July 2.)

(No. 302.)

Sir,

Moscow, June 23, 1937.

I HAVE the honour to inform you that the recent reference by M. Ismet Inonu in the Turkish National Assembly to the continued cordiality of Turco-Soviet relations was reproduced prominently in the Soviet press. The only newspaper, however, which has so far commented thereon is the *Izvestiya*, which on the 22nd June, printed over the signature of "Vigilis" an article in the formal style proper to inter-governmental exchanges of compliments. After the customary references to the enduring quality of Soviet-Turkish friendship, and to the natural sympathy of the Soviet Union for a people who had "waged a heroic struggle against foreign enslavement and the oppression of the Sultans," "Vigilis" goes on to observe that the political straightforwardness and consistency of the Turkish Prime Minister are well known to all.

> "With all the greater satisfaction, then, Soviet public opinion receives his statement on the subject of Soviet-Turkish friendship, which, in his own words, 'will continue to exist as a firm element in the policy of both countries.' With an equal satisfaction Soviet public opinion takes note of Ismet Inonu's declaration regarding the entire lack of foundation of all doubts which 'may have arisen or may arise in people's minds as to the good relations and sincere friendship between the two countries.'
>
> "It is no secret for anyone that in the political circles of the aggressive Powers of Europe several efforts have been made, and are still being made, to seduce Turkey from her friendship with the Soviet Union and to draw her into the current of dangerous adventures. In their political combinations these circles have based, and still base, not a few hopes on the deterioration of Soviet-Turkish relations. It is to be hoped that the declaration made by the Turkish Prime Minister, Ismet Inonu, before the National Assembly will serve as a sobering warning to those aggressive forces in Europe which are building their plans on the detachment of Turkey from her friendship with the Soviet Union and upon her embroilment in all sorts of dangerous adventures."

2. The Turkish Prime Minister's public references to this country could scarcely have failed to call forth some form of official acknowledgment in the Soviet press, and it will be seen that the tone of the *Izvestiya* is correct rather than enthusiastic. The organ of the Soviet Government is at pains to emphasise that the Powers endeavouring to drive a wedge between Turkey and the Soviet Union are still actively at work and have not lost hope.

3. Nothing definite is known here of the fate of M. Karakhan, but it seems almost certain that he is in disgrace, and there are even persistent rumours that he is still tarrying in Turkey, being afraid to return

4. I am sending a copy of this despatch to His Majesty's Ambassador at Angora

I have, &c.
D. MACKILLOP

[E 3762/24/44] No. 2

Mr Morgan to Mr Eden (Received July 7)

(No. 383 E.)
Sir, *Istanbul, June 28, 1937*

I HAVE the honour to inform you that on the 1st June, 1937, the credits lying blocked in the Central Bank of Turkey under clearing agreements with foreign countries were as follows:

	£T
Austria	3 670 000
Belgium	28 000
Czechoslovakia	2 500 000
Estonia	20 000
Fashard	630 000
France	
Old agreement	5,000 000
New agreement	1 100 000
Holland	900 000
Irish Free State	5 000
Spain	483,000
Sweden	
Old agreement	92 000
New agreement	1 272 000
Switzerland	1 100 000
Italy	1,500,000
Hungary	320,000
Norway	370,000
Roumania	1 100,000
Yugoslavia	1 047 000
Greece	52 000

2. There are, on the other hand, £T 15,320,000 lying blocked in Germany in sub-account "A" and £T 17,380,000 in sub-account "B" under the Turco-German Clearing Agreement.

3. As you are aware, the amount of deposits awaiting transfer under the Anglo-Turkish Trade and Clearing Agreement on the 31st May, 1937, was approximately £1 168,000.

4. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN

[W 13130/7/51] No. 3

Sir P. Loraine to Mr Eden (Received July 7)

(No. 54.)
(Telegraphic.) *Istanbul July 7, 1937*

ACTING Minister for Foreign Affairs tells me that Italian and German Ambassadors have just made a joint and determined representation to him with a view to obtaining Turkish Government's support for Italo-German proposals and attitude in the matter of naval control and non-intervention in Spain. They did not get much change. Naman, without of course prejudicing the decision of the Turkish Cabinet, told them that he could not recommend any change of

Turkey's consistent policy towards the Spanish question, that if, as he urged them to do, Italy and Germany could reach an agreed solution with France and England, Turkey would willingly adhere to it, but that, failing such agreed solution, Turkish support for France-British proposals would continue.

2. Turkish Government have received through their Ambassador in Paris a request from the French Minister for Foreign Affairs that they should address a rather stern communication to Rome and Berlin indicating Turkey's attachment to the maintenance of the *status quo* no less in the Western Mediterranean than in the Eastern Mediterranean, and her eventual opposition to would-be disturbers. Numan is for the moment rather puzzled about this, especially as M. Delbos's communication seemed to suggest that His Majesty's Government shared the view of the French Government in this regard.

As regards both 1 and 2 Turkish Ambassador in London will be sent full particulars for your information.

See my immediately following telegram.

[E 3811, 24/44] No. 4

Sir P. Loraine to Mr Eden.—(Received July 8.)

(No. 393 E.)
Sir, *Istanbul, July 1, 1937*

I HAVE the honour, with reference to my despatch No. 220 E. of the 19th April, analysing the movement of Turkish foreign trade during the final quarter of 1936, to transmit tables showing Turkey's foreign trade for the quarter ending the 31st March, 1937, and its distribution between her principal suppliers and customers. An additional table is also enclosed showing the composition of Turkey's favourable balance of trade during the period under review.

2. The total value of Turkish imports during the quarter ending March 1937 represents £T 20 891,422 as against £T 20,354,331 in the same period of 1936, an increase of £T 537 091.

3. Exports, on the other hand, increased by a much greater amount, their value during the March quarter of the current year being £T 36 652 696 as against £T 22,007,183 in the corresponding period of 1936. This increase represents £T 14,645 513.

4. The excess of exports over imports during the first quarter of the year has, therefore, increased from £T 1,652,852 in 1936 to £T 15,761,274 in 1937.

5. As regards trade by countries no proper basis exists for comparing the March quarter of 1937 with the same period of the preceding year, since the division by countries was only introduced in Turkish statistics in September last.

6. Exports and imports by principal countries during the December quarter have, however, been included in the enclosed tables Nos. 1 and 2, not so much for present use as to afford a basis of comparison in future.

7. Table No. 3 shows the balance of trade for and against Turkey in her trade with various countries. A comparison of this table with that transmitted under cover of my despatch under reference shows that in trade with Germany, Turkey has a favourable balance of £T 11 million on the first quarter of 1937, as against a favourable balance for the whole of 1936 of £T 18 million. A favourable balance with Italy amounting to £T 2,320,000 in 1936, has changed to an unfavourable balance of £T 337,000 in March 1937. On the other hand an unfavourable balance as regards the Union of Socialist Soviet Republics which exceeded £T 1 million in 1936 has changed to a favourable balance of £T. 854,000 in March 1937, and the unfavourable balances of £T 1,120 000 each with Austria and Switzerland have become favourable balances of £T 134,000 and £T. 600,000 respectively.

8. A copy of this despatch is being sent to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

Enclosure in No 4.

Table No 1 *Imports into Turkey, March Quarter* 1937

Country of Origin	*March Quarter 1937* £T 1,000	*Percentage of Total*	*December Quarter 1936* £T 1,000	*Percentage of Total*
Germany	9 086	43 5	11,106	42 9
U S A	2,403	11 5	2,226	8 6
Italy	1 844	8 8	1 773	6 8
United Kingdom	1 058	5 0	1 874	7·2
U S S R.	963	4 6	1,354	5 2
Sweden	648	3 1	464	1 8
Brazil	483	2 3	429	1·7
Roumania	476	2 3	574	2 2
Czechoslovakia	368	1 7	806	3·1
Austria	354	1 7	526	2 0
Finland	294	1 4	490	1 9
France	292	1 4	439	1 7
Japan	280	1 3	505	2 0
Thirty two other countries (including unspecified countries)	2,342	11 3	3 310	12 8
Total	20,801	(*)	25 876	(*)

Table No 2 *Exports from Turkey, March Quarter* 1937

Country of Destination	*March Quarter 1937* £T 1,000	*Percentage of Total*	*December Quarter 1936* £T 1,000	*Percentage of Total*
Germany	20 347	55 6	28,270	52 8
U S A	4 101	11 2	7,695	14 4
U S S R	1,817	4 9	1,631	3 0
Italy	1 508	4 1	2,384	4 4
United Kingdom	1,393	3 8	3,018	5·6
Czechoslovakia	1,370	3 7	924	1 7
France	1,120	3 1	1,247	2 3
Switzerland	820	2 2	481	0·9
Belgium ..	728	2 0	848	1 6
Austria ..	487	1 3	588	1·1
Greece	421	1 2	710	1 3
Sweden	336	0 9	451	0 8
Poland	336	0 9	725	1 3
Thirty two other countries (including unspecified countries)	1,863	5 1	4,504	8 5
Total	36,853	(*)	53 542	.. (*)

(*) As fractions of £T 1,000 have not been taken into account in calculating these percentages the percentages themselves are calculated to the nearest decimal they do not add up to exactly 100

Table No 3 *Turkey's Foreign Trade Balance in March Quarter* 1937

Net balance in Turkey's favour £T 15,701,274.

Composed of :—

	£T 1,000		£T 1,000
Favourable balances with—		Unfavourable balances with—	
Germany	11 261	Brazil	480
U.S.A	1 697	Roumania	430
Czechoslovakia	1 008	Italy	337
U S S.R	854	Sweden	311
France	827	Finland	202
Switzerland	600	Japan	148
Belgium	513	Hungary	129
United Kingdom	335	Egypt	86
Greece	306	Philippine Islands	76
Poland	203	Netherlands	76
Syria	185	Norway	70
Austria	134		

E 3819/466/44, No. 5

Sir P. Loraine to Mr. Eden — (received July 8).

(No. 405.)

Istanbul, July 3, 1937

Sir,

I HAVE the honour, with reference to Mr Morgan's despatch No 361 of the 17th June, to inform you that according to a telegram received from His Majesty's consul at Trebizond on the 28th June the rising in the Dersim area appears now to have been effectively quelled

2 Mr Matthews learns from a reliable source that the last body of rebels, numbering between 500 and 600 men, surrendered to the authorities on or about the 24th June. The losses sustained by the Government troops are believed not to have been heavy, but there are said to have been considerable losses among the gendarmerie and in the air arm, which played an important part in suppressing the rising. Great enthusiasm was manifested in the Turkish press when it was reported that Sabiha Gokcen, one of Ataturk's adopted daughters and a notable aviatrix, had successfully bombarded one of the rebel strongholds.

3. Mr Matthews is informed that martial law is in force in the disaffected areas, although postal and telegraphic communications are maintained. It is stated that many of the leading rebels who have surrendered are to be hanged

4. The British pro-consul at Mersin also reports that local opinion is unanimous in regarding the rising as having been stamped out, and that most of the rebel leaders have surrendered. One of the chief leaders, Seyid Riza, is apparently still at large.

5. The Istanbul press has published details of the programme of reforms to be instituted in the Dersim area. These include the construction of roads, bridges, schools and barracks, as well as the establishment of gendarmerie posts. It is apparently proposed to introduce the banking system, and Mr Catton has learnt that the Ig Bank will shortly open several new branches in the Dersim region. It is also stated in the press that the feudal system will be abolished and that the chief Kurdish leaders will be transported to other and distant parts of Turkey

I have, &

PERCY LORAINE.

[E 3920/83/44] No. 6.

Sir P Loraine to Mr. Eden —(*Received July* 8.)

(No. 406 E.) *Istanbul, July* 3, 1937

Sir

I HAVE the honour, with reference to my despatch No 283 of the 14th May to inform you that by virtue of a law No 3262, dated the 14th June, 1937, the Minister of Public Works is empowered to undertake commitments to the extent of £T 50 million (say £E 8 million) for the prolongation of the projected railway from Diarbekr to the Iraqi and Iranian frontiers

2 The liabilities so incurred will be covered by an issue of bonds by the Minister of Finance The necessary authority for this issue is contained in the law The bonds will be met at maturity out of sums to be allocated annually for the purpose in the State budget

3 A sum not exceeding £T 2 million, taken from extraordinary revenue will be devoted to works undertaken in connexion with this line during the financial year 1937 38

4 Copies of this despatch are being sent to His Majesty's representatives at Bagdad and Tehran and to the Department of Overseas Trade

I have &c.

PERCY LORAINE

[E 4238 466 44] No. 7

Sir P Loraine to Mr Eden (*Received July* 23.)

(No. 432.) *Istanbul July* 16 1937

Sir,

I HAVE the honour with reference to my despatch No. 405 of the 3rd July to inform you that a member of my staff has had an interesting conversation with an inspector in the Ministry of Public Works (an old personal acquaintance) who returned recently from the Dersim area

2 The inspector stated that fighting still continued and that General Alpdogan had received a free hand to suppress the rising and to initiate administrative measures to pacify the Kurds. He paid a warm tribute to the general's administrative capacity and to his ability to handle intractable elements The general he said considered that too much violence had been shown to the Kurds in the past with the result that risings continually recurred and that, indeed the gendarmerie were largely to blame for this chronic unrest No attempt would be made to occupy the whole disaffected area this year, the troops would advance to a given line (unspecified) and stop there while measures to pacify and win over the Kurds would be initiated Next year the occupation would be completed, and in future more regular troops and fewer gendarmerie would be stationed in the area With a few unavoidable exceptions, great clemency would be shown to the Kurds who were already responding to gentler methods

3 The reconstruction and development of the Dersim area the inspector proceeded, had been begun, under the general's guidance by officials of the Ministries of Education and Public Works. He himself had been building bridges with Kurdish labour, which was being used wherever possible -it kept the Kurds out of mischief and they were proving good and willing workers, "more intelligent than the Anatolian Turk." It was hoped that these methods would enable the pacification of the remainder of the area to be completed next year without further bloodshed

4 As regards the fighting the inspector said that the casualties on the Turkish side had been heavier than amongst the Kurds, whose sniping had taken a heavy toll

I have &c.

PERCY LORAINE.

[E 4402/188/44] No. 8

Sir P Loraine to Mr Eden (*Received July* 26.)

(No. 6 Saving Confidential.)
(Telegraphic.) *Istanbul, July* 26, 1937

I HAVE seen Turkish Minister for Foreign Affairs since his return here, and he has been good enough to give me an account of his visits to Bagdad, Tehran and Moscow, and of his impressions, of which the following is a summary —

Generally his Excellency was extremely grateful to His Majesty's Government for their courtesy in flying him from Bagdad to Tehran in a R A F machine Their action had not only spared him much fatigue, but had also demonstrated to Turkey's eastern neighbours in a clear and tactful manner at which no one could cavil the character of relations which so fortunately united the United Kingdom and Turkey He had anticipated this result it had been fully attained Moreover the flight represented to him your tacit and welcome benediction of his mission of concord to Iraq and Iran He also praised very highly the efficiency and technical skill of his British pilot

He had been very favourably impressed with character and personality of His Majesty's representatives in all three capitals, and gratefully acknowledged attentions and consideration which had been shown him personally He was also struck with personal position that my colleagues in Bagdad and Tehran had created for themselves with the Iraqi and Iranian Governments respectively

Iraq The impression his Excellency had previously formed of genuine friendliness and confidence of present Iraqi Government towards His Majesty's Government was fully confirmed In mind of Iraqi Minister of War only did he find a lingering mist of suspicion because Bakr Sidky felt himself to be under suspicion Dr Aras did his best to clear this away he believes with some success, telling him it was foolish and His Majesty's Government could hardly be very suspicious of him if they waived treaty stipulations to enable him to purchase Italian aircraft

Iran He noted appreciative improvement very welcoming to Turkey in Anglo-Iranian relations He had impression that the Shah his Prime Minister and his Minister for Foreign Affairs were all now well disposed towards His Majesty's Government

Iraqi Iranian Frontier Dispute His Excellency expressed great satisfaction of settlement reached He gave credit to the Shah personally for facilitating final stages and for intention to make it the starting point for really friendly and neighbourly relations with Iraq

The Four Power Eastern Pact Dr Aras pointed out that none of the signatories had really accepted anything but negative obligations The importance he attached to it was as regards signatories themselves the fraternisation and reciprocal burying of hatchets and genuine desire for perfect and explicit [group omitted] in the future, and from a broader point of view, the narrowing down by the area of the four contracting States of the field for speculation in terms of military or power-politics He did not even need to enquire whether His Majesty's Government approved In a tactful way the R A F machine lent him at Bagdad conveyed most significant and discreet approval "Others," however, were not well pleased The Germans and Italians had taken it ill but while the Germans had meanwhile relented, the Italians had not and talked about eventual injury to their interests in the Yemen of Arabian States adhered later on (I interjected that to the best of my recollection Italy had disinterested herself politically from ourselves as regards the Arabian coast of the Red Sea.) Russia, I understand from his Excellency was taking it fairly calmly

Dr Aras seemed to have weighed very carefully the effect for the United Kingdom of oriental pact and to have reached conclusion that it would be an asset to British policy as tending to (*a*) lessen friction, (*b*) increase security, &c, help to close a large area of south west of Asia to adventurous policies by ambitious States With other participants he seems to have played the rôle of apostle for relations of trust and confidence with the United Kingdom

As regards Moscow visit please see my telegram No 8, Saving

(Repeated to Bagdad and Tehran.)

[E 4434/388/44] No. 9

Sir P Loraine to Mr Eden (Received July 29.)

(No 8. Saving)
(Telegraphic.) *Istanbul, July 26, 1937*

MY telegram No 6 Saving Russia

The visit to Moscow had been entirely successful in its avowed and ostensible object which was to reaffirm and publicly manifest Turco-Russian friendship as a real and durable factor Besides that the simultaneous presence in Moscow of Turkish Minister of the Interior had served to convince Soviet Government that Dr Aras has throughout been carrying out faithfully the policy of the whole Turkish Government and has not merited the presumably inspired accusations of the Moscow press to the effect that he has been conducting a personal policy of tending to weaken Turco-Russian friendship.

In his exchanges with Russians he had been entirely and exactly honest he had made it clear that Turkish friendship for Russia was intact, that Turkey would fulfil scrupulously the obligations towards Russia that she had accepted and which were public knowledge, and that there would never be any initiative from the side of Turkey to undermine or weaken the friendship but that Turkey was not prepared to subscribe to an extension of those obligations implied or explicit This would account to you for careful choice of his language when replying to M Litvinov who had sought in his banquet speech to create the formula that the friends and enemies of Russia were *ipso facto* the friends and enemies of Turkey

Dr Aras said that there had not been actually a haggle about the wording of communiqué issued at the end of his visit, but his use of that word led me to suppose that discussion had been as nearly a haggle as made no difference

(Most Confidential)

Dr Aras told me furthermore that, although a great deal of good had resulted from the direct exchange in the way of clearing up misunderstandings and probable suspicions in the minds of Russians of certain aspects of Turkish policy and although substance as well as appearance of Russo-Turkish friendship had been genuinely reaffirmed, nevertheless a slight but "insidious" rift had been left.

I asked Minister for Foreign Affairs whether he meant by this that Soviets wished to have Turkish policy in tow, and that Turkish Government were unwilling to accept the tow He said it was exactly that During Moscow conversations Russians had been trying in various ways to stretch the interpretation of Turkish obligations, and he had steadfastly resisted all suggestions having that tendency

His feeling of "rift" had been enhanced by the fact that M Stalin had evinced no desire to receive himself and his colleagues.

Dr Aras seemed affected by the fact that M Karakhan, until quite lately Soviet Ambassador to Turkey, is in prison I surmise that this circumstance will be most displeasing to Ataturk, who was on terms of personal friendship with M Karakhan

Lastly Dr Aras said that recent executions, imprisonments, &c, in Russia would have the effect of strengthening M Stalin and his régime, and he cautioned me against giving credence to reports in a contrary sense

I feel pretty sure that confidence about the "insidious rift" will not be made to anyone but you yourself The main stress, of course, is not on that, but on reaffirmation and redecoration of Russo-Turkish friendship

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[E 4431/388/44] No. 10

Viscount Chilston to Mr Eden.—(Received July 30.)

(No 356
Sir *Moscow, July 26, 1937*

WITH reference to my telegram No 116 of the 17th July I have the honour to inform you that M Tevfik Rüştu Aras arrived in Moscow on the 13th July on an official visit He had been preceded the day before by M Sukru Kaya, the

Turkish Minister of the Interior M Aras and M Kaya left Moscow on the 16th July for Odessa whence they proceeded via Soviet ship to Turkey

2. The entertainments arranged for the Turkish Ministers during their visit to Moscow included a luncheon given in honour of M Sukru Kaya by M Yezhov, People's Commissar for the Interior, a luncheon given by M Litvinov, in honour of both Ministers, to which the Staff of the Turkish Embassy and various high Soviet officials were invited and at which M Aras and M Litvinov exchanged speeches, the text of which is enclosed herewith,(1) a dinner given by M Molotov followed by a reception at the Kremlin to which no foreign diplomats except members of the Turkish Embassy were invited, and finally a dinner at the Turkish Embassy at which MM Molotov, Litvinov and Yezhov as well as other high Soviet officials and officers were present, followed by a reception for the Diplomatic Corps. During their visit in Moscow the Turkish Ministers visited amongst other local sights the tomb of Lenin upon which they laid a wreath There is no reason to suppose that the Turkish Ministers were received by M Stalin although it will be seen that M Aras's speech contains several flattering references to him and ends by proposing his health

3. While in Moscow MM Aras and Sukru Kaya had conversations with M Molotov and M Litvinov, at the conclusion of which an official communiqué was issued the text of which is enclosed herewith (1)

4 At the reception given by the Turkish Ambassador I was only able to have a few words of conversation with M Aras He said that Turco-Soviet relations were as close and cordial as ever nothing was disturbing their harmony, there were no questions at issue nor any difficulties His Excellency said he hoped I had liked his speech in reply to M Litvinov on the 14th What he had said represented sincerely the truth and nothing more nor less, there was no empty phraseology He would be glad if I would assure you Sir, of this.

5 In reading M Aras's speech I do not find, beyond the usual expressions of the historic amity between the two peoples and of the friendship which is "an important factor in the system of indivisible peace and collective security" any passages which would appear to bear special significance except that which declared that the mutual obligations of the two countries 'contained neither military agreements nor any special obligations', but that they would "not remain indifferent to each other's fate that Turkish Soviet friendship is a permanent and valuable element particularly in the Black Sea Basin, and that 'no aggressor can expect any help or support from our side'

6. I can only suppose that when he declared to me the truth and sincerity of his remarks he was referring particularly to those portions of his speech As to whether it may be taken as disposing of the recent rumours concerning a Black Sea pact is perhaps a matter of conjecture His Excellency did not refer to that subject nor did he vouchsafe to me any information as to whether he had discussed this or any special questions with M Litvinov but I gathered the impression, from our very short conversation held in a crowded room, that the object of his visit to Moscow was mainly to confirm the undiminished strength and warmth of Turco-Soviet relations and to dispel any contrary rumours which had arisen during the past twelve months. This of course, was equally or even more so the desire of the Soviet Government, to whom undoubtedly the visit has given much satisfaction

7 M Aras said he regretted that the shortness of his visit prevented his coming round to see me which he would have wished to do were he not leaving the next morning

8 Since then I have seen the Roumanian Minister who tells me that he believes the subject of a Black Sea pact was mentioned in the course of M Aras's conversations with M Litvinov, but was not pursued It seemed doubtful what useful purpose could be served by a pact merely of non aggression As to any pact with the Soviet Union entailing mutual assistance Roumania herself was not prepared to enter into any such thing

9 I may mention that in the course of a few remarks with M Aras on Soviet affairs in general when I observed that M Litvinov's foreign policy seemed still to hold the field and his position appeared to be still solid M Aras agreed and added moreover that he did not believe that recent internal events, for instance the execution of the military leaders, implied any weakness of the régime

(1) Not printed

nor any internal political crisis, one must remember that internal measures of control must be regarded from the point of view that what suited the peculiar conditions of one particular State would not perhaps suit those of another

10 I am sending a copy of this despatch to His Majesty's Ambassador at Angora

I have, &c.
CHILSTON

[E 3212/100/44] No. 11

Viscount Halifax to Sir P. Loraine (Angora)

(No. 336.)
Sir *Foreign Office, August 4, 1937*

WITH reference to your Excellency's despatch No. 231 E. of the 20th April concerning the reported intention of the Turkish Government to establish an oil monopoly in Turkey, I transmit to you herewith a copy of a letter (enclosure 1) from the Petroleum Department (1) in which attention is drawn to the serious effect such a measure is likely to have on established British interests not only in Turkey but elsewhere, and in which it is suggested that appropriate steps be taken through the diplomatic channel to dissuade the Turkish Government from putting their proposal into effect. A copy of the Note by the Petroleum Department, a memorandum from the Anglo-Persian Oil Company and the Shell Group is also annexed (enclosure 2) (2).

2. The question of State monopolies and the rights of foreigners affected thereby was examined in this Department early in 1933 in connexion with the proposed establishment of a Government tobacco monopoly in Panama. A memorandum setting out the legal aspects of the question was then prepared by the Library as a result of which it became apparent that the question was not clearly defined in international law. But that it was the policy of His Majesty's Government to demand compensation for any prejudice suffered by the establishment of monopolies on the legitimate vested rights of British subjects and companies. A copy of this memorandum, extracted from "State Monopolies and Rights of Aliens," is enclosed (enclosure 3). Oral representations were thereupon made to the Panamanian Government by His Majesty's representative at Panama who made it clear that in the event of losses being suffered by British interests His Majesty's Government would be obliged to put forward a claim for compensation. In the event the proposal was dropped by the Panamanian Government.

3. To the legal material contained in the memorandum referred to above may now be added the written pleadings of His Majesty's Government in the United Kingdom in the Oscar Chinn case, a copy of which is attached (enclosure 4) (3). In these written pleadings full use was made of the material contained in the Library memorandum and the case is of interest as providing some support for the thesis maintained by His Majesty's Government. The principle of compensation for injury to acquired rights was in fact not contested by the Belgian Government on the other side in the case, and appears to have been admitted by the court. The British claim failed on the ground that the particular case of Mr. Chinn did not come under the rule, but so far as the question of a claim for compensation in respect of injury to acquired rights is concerned the Chinn case makes a slight addition to the legal foundation of such a claim.

4. Information concerning the attitude adopted by His Majesty's Government in regard to the establishment of an oil monopoly in Spain, to which the letter from the Petroleum Department alludes, is contained in paragraphs 10-23 of the Library memorandum and in the despatch to Madrid mentioned therein (Foreign Office despatch No. 88 of the 21st February 1928), of which a copy forms enclosure 5. An account of the action taken by His Majesty's Government in connexion with a subsequent proposal for the establishment of an oil monopoly in France is given in the attached copy of a further memorandum ("Proposed Oil Monopoly in France," June 23, 1937), which has been prepared by the Library (enclosure 6).

(1) Not printed.
(2) [illegible] respecting General Foreign Affairs, Part IV, No. 2.
(3) Confidential Print 13151, January 26, 1933.

5. It will be seen from these memoranda that any action on the part of a foreign Government which results in the expropriation of a certain form of property or the establishment of a monopoly in a particular form of commercial activity raises a question of principle to which His Majesty's Government have always attached great importance, but which has never been the subject of a definitive ruling in international law. This is whether, in the event of the foreign Government concerned giving to their own nationals whose interests are affected by the action in question something less than full compensation they are bound to give full compensation to foreign nationals who are in the same position, and thereby give to such foreign nationals better treatment than they give to their own nationals. There is also a further question, which arose in connexion with the establishment of the oil monopoly in Spain, *viz.*, whether, in the event of the company whose interests it is thought desirable to protect having acquired the status of a national company in the territory in which it pursues its activities, His Majesty's Government are entitled to take up diplomatically the case of that company which is incorporated under the laws of another State, but the bulk, or a large proportion of whose capital is held by British nationals. Fortunately, however, this last question is unlikely to arise in the present instance as the Steel Company of Turkey (Limited) is a registered British company, or rolled as to 60 per cent. by Dutch interests and 40 per cent. by British interests), and the rights of His Majesty's Government to make representations on its behalf cannot be called in question.

6. In many recent cases where a foreign Government have proposed to establish a monopoly which would result in serious injury to British interests the course followed by His Majesty's Government has been first to make certain that there are no treaty rights that would be contravened by the proposed monopoly (then presuming that there are no such rights, and this appears to be the case in the present instance since articles 7 and 13 (1) of the Anglo-Turkish Treaty of Commerce and Navigation of 1930 give no more than most favoured nation rights to British nationals and companies operating in Turkey), not to protest against the creation of the monopoly as such but to make friendly and informal representations, before His Majesty's Government are faced with a *fait accompli*, to the foreign Government concerned calling attention to the British interests involved, next to reinforce the initial representations by making it clear in the hope of deterring the foreign Government that compensation will be claimed, and finally, should the measure be carried out, to give whatever assistance is possible to the interests concerned in obtaining such compensation.

7. I request that your Excellency will, at whatever moment may seem to you most opportune, take such action in regard to the proposed monopoly as you may consider most likely to be effective in securing the objects indicated in the Petroleum Department's letter. In doing so, you may consider it desirable to follow the general course of action indicated in the preceding paragraph, but I am prepared to leave to your Excellency's discretion the precise manner in which the Turkish Government should be approached. You should, however, in any case endeavour to ascertain first whether your American colleague or the Netherlands Minister has received instructions to take any action in anticipation of the establishment of the proposed monopoly, and I shall be glad to be informed in due course whether they have, in fact, received any instructions.

8. Copies of this despatch are being sent to His Majesty's representatives at Washington and The Hague.

I am, &c.
HALIFAX

E 4880/207/44] No. 12

Sir P. Loraine to Mr. Eden (Received August 5.)

No. 455 (Confidential.)
Sir, *Istanbul, July 28, 1937*

I HAVE the honour, with reference to my telegram No. 57 of the 7th July, to transmit to you a copy of a confidential memorandum regarding the implications of the visit of the Minister of Public Works to Sweden, which has been

prepared by Mr Crabbe (representing Sir A Gibb and Partners) at the request of the commercial counsellor. This memorandum is of interest, since it shows that, as a result of the Minister's visit and of the fact that Kampmann and Saxild are now carrying out the Persian north-south railway line, there is some likelihood of the Swedes once more obtaining a footing in Turkey as regards railway construction, especially in so far as the projected line from Diarbekir to the Iranian frontier is concerned

2. I may also draw your attention to the evidence of differences and intrigue between the Ministries of National Economy and Public Works afforded by the penultimate paragraph of Mr Crabbe's memorandum. The same suggestion is implicit in the first section of the memorandum regarding port surveys which accompanied my despatch No 446 I of the 23rd July. I may perhaps also record that when one of the engineers employed by Sir A Gibb and Partners called on the Minister of Public Works last March the Minister rather abruptly denied all knowledge of Sir Alexander, or of his firm, or of his connexion with Turkey. I took steps, unofficially, at the time to clear up the misunderstanding, but in the light of these subsequent developments the Minister's attitude may have been dictated by something more than mere forgetfulness. As you are aware Sir Alexander Gibb is connected indirectly, at any rate with the Ministry of National Economy.

3. I am sending copies of this despatch to His Majesty's representative at Stockholm and to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

Enclosure in No 12

Memorandum

(Confidential)

THE visit of Ali Çetinkaya to Sweden is the result of Swedish technical influence in Turkey over the past nine years. Immediately following the resignation of Behçi Bay a strong anti-Swedish feeling sprang up in the Ministry of Public Works, as it was felt that the Government were being unduly exploited, and that the work supervised by the Swedes could equally well be supervised by Turkish engineers at lower cost. Recep Bay, during his term of office as Minister of Public Works lost no opportunity of manœuvring the Swedish group and to a lesser degree Ali Bay carried on the same tactics until it suddenly dawned upon the Ministry that after all the Swedish principles were based upon sound technique, and that Turkish engineers, although fairly efficient were in no way comparable with those from Europe, particularly where new railway location and planning became involved. The best engineers of the Ministry have furthermore left to take up the more lucrative work of contracting with the result that inferior and less practical engineers remain at the Ministry more or less at the mercy of the experienced engineer contractor.

Ali Bay is aware of the shortcomings of his Department for notwithstanding the propaganda circulated concerning railway and irrigation progress there is very little to show of a really practical nature. From ultra solid railway construction principles the Ministry have reverted for cheapness to lightly spiked and creosoted beech sleepers, thinner ballast and more hastily thrown up formation, yet curiously enough, still spending vast sums on elaborate station and other buildings and heavy concrete culverts and bridges, dressed stone viaducts, &c. Solid or non solid track conveys little to the layman whereas dressed stone and concrete bridges, station buildings, &c. are impressive and understood by all—within certain limits. In fact although railway construction is going ahead, the class of work is deteriorating, and maintenance costs over the completed sections carried out by Turkish engineers are high as compared with maintenance on sections completed under Swedish supervision.

The representative of the Kampmann Saxild group here keeps a close watch over developments, so do the Swedish Legation, and the pro-Swedish sentiment of Ali Bay has been fostered to the extent of inducing him, and the Prime Minister, to agree upon a visit to Sweden at the invitation of the Swedish Government.

Kampmann-Saxild are now carrying out the Persian north-south line and have proved successful where British, German and American enterprises failed. Kampmann realises that the future will call for a line west-east to link up Turkey with India and that the recent Turco-Iran-Iraq *entente* makes progress in that direction more simple than hitherto. The Turks have agreed to carry on the line from Diarbekir to the Iran frontier, via Bitlis and Van, and the Tehran Government have agreed in principle to permit the construction of a line from the Turkish frontier via Tabriz, Kazvin, Tehran, Kum, Kaşan, Ardistan, Yezd Kerman, to a point on the Baluchistan frontier. This will call for the following outlay —

Turkey Diarbekir Iran frontier—	£T
400 kilom at £T 80,000 per kilom	32,000,000
Locomotives and rolling stock	5,000,000
Telegraph, train protection, &c	2,500,000
Engineering, &c	750 000
Workshops, water stations, sheds, &c	650,000
Total	40,000,000

Iran Turkish Baluchistan frontiers—

2,000 kilom at average cost of £15,000 per kilom including equipment	£30 million

The total expenditure on the above project will reach about £37 million, of which approximately £7 million will represent equipment, machinery and supplies from abroad.

Nydqvist and Holm of Trollhatten, who supplied 100 locomotives and 5,000 heads of rolling stock to the Turkish Government in association with Kumpmann Saxild are in the forefront in entertaining Ali Çetinkaya, together with a large firm of steel manufacturers interested in rail supplies.

The object of Ali Bay is to offset the influence and progress being made by Celal Bayar and endeavour to secure Swedish support both technical and financial. Conversations in Stockholm with electrical manufacturers and movements of their representatives here point to an effort being made to secure power plant contract at Çatal-Agzy and any electrification schemes available. Our engineer at Çatal Agzy reports visit of Swedish engineer and representative of the Asea group. Eregli Port has also been visited by Swedish engineers within the past two weeks.

Cemal Husnu Bay recently returned from Tehran, has mentioned activity by Kampmann in Persia on the international railway scheme.

July 23, 1937

[R 5206/21/92] No. 13.

Viscount Halifax to Sir P Loraine (Istanbul).

(No. 34)
(Telegraphic) *Foreign Office August* 9, 1937

WE are anxious to supply a number of Bristol Blenheim aircraft (probably twelve) to the Yugoslav Government as early as possible, two of which have already been earmarked for delivery at the end of this year. No further allocations in favour of foreign orders, however, can be made before 1939, and the only way of accelerating delivery of additional machines to the Yugoslav Government would be by persuading some other foreign Government to forgo or postpone delivery of aircraft earmarked for them. The only Government which seems likely to agree to such a course of action is the Turkish Government.

As you know, the Turkish Government have already placed a firm order for twelve Blenheims (see my despatch No 57) but negotiations for a second batch of twelve have not progressed satisfactorily. The Bristol Aeroplane Company, who, at the instance of the Air Ministry have been pressing the Turkish Embassy here for some weeks past to state whether the order for the second batch is likely to eventuate or not, have failed to secure any reply, and it is their impression

that the Turkish Government are now very lukewarm in their desire for these aircraft.

I do not suggest applying pressure to the Turkish Government, least of all in order to please the Yugoslav Government whose friendship is distinctly less reliable But unless you see objection I should like the matter discussed with the Turkish Government You should explain that the Air Ministry not having heard from Turkish Embassy whether the Turkish Government need the second twelve Blenheims or not and in view of the heavy demands on this type of machine I should be very glad to know whether the Turkish Government would prefer to cancel the order or at least to postpone the delivery of all or some of these machines.

[E 4769 83 44] No 14

Mr. Scott to Mr Eden. (*Received August* 16.)

(No. 324 E.)

Baghdad, August 5, 1937

SIR,

WITH reference to Sir Percy Loraine's despatch No 406 E. of the 3rd ultimo, I have the honour to inform you that I enquired of the Minister for Foreign Affairs, who had recently returned from Persia, whether the recent visit of the Turkish Minister of Economics to Iraq in company with Dr Rustu Aras, had yielded any positive results Dr Naji replied that, though no positive results had been attained the Turkish Minister of Economics had discussed with the appropriate Iraqi authorities the linking of the Turkish and Iraqi Railway system. There had been agreement as to the general advantages which such a development would afford but so far as Iraqi was concerned, there was no money at present for such a scheme and its realisation seemed remote

2. Discussion had also taken place regarding the direct supply of oil from Iraq to Turkey and the general possibility of opening new markets for Turkish and Iraqi goods, but no definite plans had been evolved

3 Copies of this despatch are being sent to His Majesty's representatives at Istanbul and Tehran and to the Department of Overseas Trade.

I have, &c.

OSWALD SCOTT

[E 4818, 100 44] No 15.

Sir P Loraine to Viscount Halifax (*Received August* 17.)

(No. 76.)

(Telegraphic.) *Istanbul August* 17, 1937

YOUR despatch No 336.

I have ascertained from Minister for Foreign Affairs that Turkish Government do, in fact contemplate creation of some form of oil monopoly

I told him that, this being so, I should wish shortly to address to him, at your request, some friendly representations on the subject, and I hoped that Turkish authorities would be able to take into account what we had to say The matter was one of great interest to His Majesty's Government for it affected a large number of important British interests For that reason we wished to put our case and enter in any necessary discussion before and not after a Turkish decision had been taken and put into effect

His Excellency said they would be very willing to receive such representations and would carefully consider them and in reply they would like to acquaint you with considerations of a compelling character as they thought, that were urging them on the course they contemplated

Prime Minister, who was also present assented Both of them said that whenever British interests were affected they were always ready for a frank and friendly discussion

Neither American Embassy nor Dutch Legation have taken up the matter officially or unofficially with Turkish Government

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[E 4824/425/44] No 16.

Sir P Loraine to Viscount Halifax (*Received August* 18.)

(No. 78.)

(Telegraphic.) *Istanbul. August* 18, 1937

ON 16th August I lunched in his private house with the Prime Minister, Turkish Minister for Foreign Affairs and Turkish Ambassador in London were also present After lunch the Prime Minister said he would be very glad to hear anything I had to say about the question of credits, which he raised in London

I thereupon spoke to him in the sense of your despatch of 5th August, and explained quite frankly the position of His Majesty's Government and doubts entertained by Treasury about Turkey's approximate barrier in present conditions of obtaining market credits in London.

I furthermore represented clearly how desirable it was in any case (1) that Turkish Government should appoint Ottoman Bank as their financial agents in the city, adding as a suggestion that they might also like to appoint a financial attaché to their Embassy in London, (2) that they should put every transaction they possibly could both in "group omitted", and further, through Comptoir and make fullest use of that already existing organisation in order to accumulate sterling balance in London which would render it easier to negotiate fresh arrangements for industrial development with E C G Department and might eventually form security for market credits

I realise that by speaking so plainly there was a not negligible risk of seriously discouraging the Prime Minister but I felt it was preferable to accept that risk and I remain strictly within your instructions rather than leave my door open to possible future misunderstanding

I fear my statement did in fact fall a good deal short of the hopes the Prime Minister had entertained since his return from London But on the whole he took it remarkably well He asked me to elucidate certain points in my statement the conversations I had had in Treasury when on leave had fortunately provided me with material

Finally he said that general position was anyway clear to him, that plain speech from a true friend was not only preferable but also characteristic of present Anglo Turkish relations It was much better to know where he stood and he expressed his cordial thanks for my statement and for the careful consideration which His Majesty's Government had so given to the whole subject.

Lastly, I said it might perhaps be possible for Mr Waley to visit Turkey in the autumn They said this would be much appreciated I said I thought an exchange of views with an official of such importance and especially competent would be very useful I made it quite plain however that Mr Waley would not be authorised to undertake any negotiations

My remarks about using Ottoman Bank as agents and about taking fullest advantage of Comptoir organisation evidently made an impression and I think they may bear fruit though the latter is likely to prove more difficult than the former

Please see my letter of 10th August to Sir L Oliphant

I am reporting more fully by next bag

R 5630/21/92] No 17

Sir P Loraine to Viscount Halifax (*Received August* 18.)

No 70.)

(Telegraphic.) *Istanbul. August* 18 1937

YOUR telegram No 34

I have approached Turkish Government who tell me that they have by no means lost interest, that they now wish to acquire, over and above the first dozen, a further eighteen Blenheims to be sent out in parts for assembly in Turkey, and also a licence to manufacture this type of aircraft in Turkey

They attach great importance to the matter and their Embassy in London is receiving the needful instructions They also add that the money can be made available

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[E 4847/88/44] No. 18

Sir P Loraine to Mr Eden.—(Received August 10.)

(No. 488 E.)

Sir, *Istanbul, August 14, 1937.*

I HAVE the honour, with reference to paragraph 81 of the annual report, economic (A), for Turkey forwarded under cover of my despatch No. 227 E. of the 19th April, 1937, to inform you that the Filyos Zonguldak Railway has been under exploitation as far as Çatalagzi for some months and that tunnelling and formation for the remainder of the line to Zonguldak, and beyond Zonguldak to Kozlu is now complete except for ballasting and track laying. Track laying from Çatalagzi in the direction of Zonguldak and Kozlu commenced two weeks ago, and it is estimated that the work of ballasting and track laying over the 15 kilom. from Çatalagzi to Zonguldak will take about one month and that completion to Kozlu will be effected within three months.

2. This new line may prove to be of some importance economically if the project for building an inland port at Çatalagzi matures (please see the enclosure in my despatch No. 446 E. of the 23rd July). Çatalagzi it appears, lies a few miles south of Filyos at some distance from the Black Sea coast.

3. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

[W 15734/28/41] No. 19

Sir P Loraine to Viscount Halifax (Received August 19.)

(No. 80.)
(Telegraphic.) *Istanbul, August 19, 1937.*

MY telegram No. 75.

Spanish steamer *Armuru* carrying cargo of wheat for Valencia Government was sunk 18th August at 18 hours, within Turkish territorial waters half a mile north west or south west of Tenedos. Ship, after being attacked went aground at Tenedos. I believe officers and crew were saved.

There is the strongest presumption attacking submarine was the same one as sunk *Ciudad de Cadiz*.

As principal Turkish Ministers are away following Turkish manœuvres in Thrace and are not expected back here till 21st August I may be unable to get early information of reaction of Turkish Government to this abuse of their territory.

Please see my immediately following telegram.
(Repeated to Commander-in-chief.)

[W 16979/28/41] No. 20.

Sir P Loraine to Viscount Halifax (Received August 23.)

(No. 82.)
(Telegraphic.) *Istanbul, August 23, 1937.*

MY telegrams Nos. 80 and 81.

As regards hostile action by submarine against merchant shipping in Turkish territorial waters, Turkish Government have given orders that if foreign submarine is found within those waters it is to be summoned to surrender and if it disobeys summons is to be sunk.

Another question has arisen besides that of attacks on merchant shipping outside Straits, outside and inside territorial waters for Turkish warship *Hamidie* reports having sighted a submarine inside Straits.

Turkish Government are determined that if there is such a submarine in the Straits or Marmora she shall not get out either to the Ægean Sea or the Black Sea.

All territorial waters concerned inside and outside the Straits are therefore being patrolled by surface craft and aircraft in order to locate submarine, and every available weapon of attack and defence against submarines is being made ready, including nets to close the Dardanelles entrance, torpedoes, depth charges, &c.

If submarine is located inside Straits, Turkish Government will not hesitate to hold up shipping for number of hours necessary to round the submarine up, fearing that otherwise such shipping may be in danger.

I understand Turkish Government will shortly circularise the Powers generally (not merely Montreux Powers) of facts of these occurrences, and will point out undesirability and danger of this extension of Spanish civil war to Eastern Mediterranean.

(Repeated to Commander-in-chief, Mediterranean.)

[E 5012/100/44] No. 21

Sir P Loraine to Mr Eden (Received August 27.)

No. 11. Saving. (Confidential.)
Telegraphic.) *Istanbul, August 23, 1937.*

MY telegram No. 79.

Turkish Minister for Foreign Affairs whom I met privately yesterday told me he had received no representations about the contemplated Turkish oil monopoly and realised that there were important considerations with which he was not previously familiar. He will now discuss the matter with the Prime Minister.

2. I understand project is for a sales monopoly and that Turkish Government is unlikely to abandon it, but Minister for Foreign Affairs who is quite willing for a friendly discussion, hopes that during such discussion means may be found to reconcile respective interests of both countries, and to arrive at some arrangement which will not prejudice interests of Shell Company or wider interests of His Majesty's Government.

3. He also added that he would like to take a second into careful account position of American companies. As there was a query in his tone I said I felt sure that it would be perfectly agreeable to you that he should do so.

4. He said that if search for oil on Turkish territory had proved successful before we had raised the matter, things might have borne a different aspect, *i.e.*, I presume our representations would have been less well received. I enquired whether they were optimistic about finding oil. He replied that they were very optimistic and expected to find rich oil deposits, probably in the region of salt lakes in the centre of Anatolia.

5. I have given United States Embassy a confidential hint in view of paragraph 3 that if they contemplated making friendly and moderate representations they might be likely to be well received. I deprecated any suggestion of concerted action by the two Embassies. American secretary to whom I spoke agreed entirely on this point. He told me it was the intention of American Embassy shortly to take up the matter with Turkish Government and he much appreciated the indication I had given him.

6. I need hardly emphasise the great importance for Turkish national economy, or increase in Turkish purchasing power which will ensue, if oil is found in sure paying quantities, as Minister for Foreign Affairs confidently anticipates, and can be properly exploited.

[E 5143/428/44] No. 22.

Sir P Loraine to Mr Eden. (Received September 2.)

(No. 495.)

Sir, *Istanbul, August 18, 1937.*

I HAVE the honour to inform you, with reference to my telegram No. 78 of the 18th August, that I was invited by the Turkish Prime Minister to take luncheon with him informally in his private house on the Island of Halki on the 16th August and that his only two other guests were the Turkish Minister for Foreign Affairs and the Turkish Ambassador in London. The issue of this

invitation was clearly the result of the observations I had made to M. Numan Menemencioglu and the summoning of M. Fethi Okyar was doubtless the result of a remark I had made some weeks ago to General Ismet's private secretary, to the effect that if the Prime Minister at any time wished to raise with me the matter of obtaining credits in London for Turkey the presence of M. Fethi Okyar would probably be useful, owing to the knowledge he had acquired of conditions in London and the City.

2. I began by reading out a statement in French which I had prepared on the basis of your despatch No. 270 of the 24th June. At the end of the discussion the Prime Minister begged me to leave with him a text of this statement, a copy of which is enclosed herein.

3. The two points in this statement on which his Excellency immediately seized as being those of primary importance were (*a*) that neither His Majesty's Government nor their Ambassador are able to do anything to facilitate the grant of a credit, and (*b*) that there is no action open to His Majesty's Government which would induce investors to subscribe to a loan for Turkey unless it appeared to them to be adequately secured.

4. I then furnished the Prime Minister with some supplementary observations.

5. I told him that broadly speaking there were three, and only three methods by which a foreign country can obtain credits in the United Kingdom.

6. The first method I was through a loan the service of which was guaranteed by the Treasury and was, therefore, in the last resort a charge on the British taxpayer. For a number of reasons this method was not one that could be usefully pursued in the present circumstances and I strongly advised the Turkish Government to discard it altogether from their calculations. To begin with, it would be most unusual in time of peace and except in the case of a country *e.g.* the Anglo-Egyptian Sudan which was politically dependent on the United Kingdom. An operation of this kind, moreover, would require the specific sanction of Parliament. It was highly improbable that such sanction would be given. Nothing could be done in that direction without complete publicity and it seemed to me quite possible that such publicity might react unfavourably on Turkish relations with certain other Powers. I referred especially as His Majesty's Government would have to explain to Parliament the purposes of such a loan and the political reasons for which they considered the very unusual step of giving a Treasury guarantee was called for. Lastly, the granting of such a guarantee, would, in practice if not in theory, give the Treasury a "droit de regard" as regards Turkish finances, which I could not imagine would be very palatable to modern Turkey.

7. General Ismet said thereupon that he entirely shared my view that this method of operation must be entirely discarded.

8. The second method, I explained, was through the agency of the Export Credits Guarantee Department. This was, in my opinion, a real possibility though not, of course, in the scale of figures which his Excellency had mentioned during his conversations in London in May. I did not myself think it likely that a further operation could be undertaken immediately by the Export Credits Guarantee Department because that Department would need some more time in order to see how the arrangements were working out as regards the Brassert contract, at Karabuk, for which it had provided the finance. I urged that this was not an unreasonable attitude at the time of the signature of the contract with Brassert and of the arrangements for the Anglo-Turkish Comptoir, the Export Credits Guarantee Department had accepted what was in fact a speculative security; it was quite natural that they should wish for enough time to see how their speculation was turning. I did think, however, that within a year hence, if all went well, a further operation for industrial development might be well within the bounds of possibility. In saying this, however, I reminded General Ismet that the use of export credits for financing armaments was definitely illegal and could in no circumstances be undertaken.

9. The third method was the obtaining of market credits in the City of London. This ground had been adequately covered by the statement I had just read to the company. But there were two points in that connexion which I wished to develop with some insistence because I felt that both of them were very cognate and of very real importance to the objects which the Turkish Government had in view.

10. My first point, already alluded to in the statement, was the desirability in any circumstances that the Turkish Government should appoint financial agents in the City of London. I wished them most seriously to consider the particular desirability of designating the Ottoman Bank for this purpose. I was aware that here I might be treading on delicate ground; there was no secret about the fact that the relations and atmosphere between the Government of Kemalist Turkey and the Ottoman Bank had not always been good or free from suspiciousness. The relations which had grown up between me myself and the Turkish authorities had been characterised by complete candour. I wished in this circumstance to follow that excellent precedent, from which in the past much had been gained and, I thought, nothing had ever been lost. Frankly, I would like to see a new page turned in the history of relations between the Turkish Government and the Ottoman Bank. I could assure them, that on the side of the Ottoman Bank there was every good disposition and goodwill. I had myself had the advantage when lately in London of a personal conversation with Sir Herbert Lawrence, of whose high position in the bank they were certainly aware and I could assure them on Sir Herbert's own authority that the Ottoman Bank were willing to be helpful, and to render such service as they properly could to the Turkish Government.

11. The City of London had its own practices, its own routine and its own traditions. It rarely if ever happened that private interests in the City of London undertook business with foreign countries without the concurrence and approval of the Bank of England. The attitude towards such matters of the Bank of England and therefore of the governor of the Bank, Mr. Montagu Norman, was often a determining factor and always one of the greatest importance. If the Turkey of to-day wished to obtain access to the London money market and to have satisfactory financial relations with the City, the most direct and the easiest door by which that access could be obtained was that of the Ottoman Bank. Practically since its inception the Ottoman Bank has been the regular channel and the normal source of information for all financial business connected with Turkey in the eyes of other financial houses and especially in the view of the Bank of England the Ottoman Bank was the recognised authority and the proper intermediary for all questions connected with Turkey. I therefore felt that there was a very strong case for entrusting to the Ottoman Bank the duty of acting as the Turkish Government's financial agents in the City, and I myself believed that this could be done with confidence.

12. I should quite understand it if the Turkish Government wished that one of the Turkish banks that enjoys its confidence should open a branch in London, and I had no doubt that such a branch would conduct its operations with skill and prudence and would eventually make for itself a position in the City. I did feel however, that it would probably take at least ten years for its existence and capacity to be so well recognised in the City as to render it capable of discharging usefully the rôle of an agent of the Turkish Government, and it seemed to me most improbable that as regards the main matter under discussion, the Turkish Government could afford to wait ten years.

13. I went on to say that if, in addition to appointing agents in the City, the Turkish Government wished to establish an official connexion with financial circles in the City, they might wish to consider the appointment of a financial counsellor or financial attaché to their Embassy in London. I begged them however, to understand that the appointment of such an official to the Embassy staff could in no sense be a substitute for the appointment of a financial institution of the highest standing as their agents in the City.

14. I had the impression that General Ismet was considerably impressed by these arguments; he agreed that of late there had been a distinct improvement in the atmosphere as between the Turkish Government and the Ottoman Bank and he mentioned with approval an agreement recently made between the Banks and Ottoman Banks, he welcomed the assurances in regard to the goodwill of the Ottoman Bank which I had given on the authority of Sir Herbert Lawrence and he took note of the question of appointing the Ottoman Bank as the Government's agents for further discussion with his colleagues. He did not give any indication at all of demurring to my suggestion.

15. The second point that I urged was as regards the Anglo-Turkish Comptoir.

16. I pointed out that nowadays whenever the question of financing transactions with the United Kingdom came up, we always got back to this matter of the Comptoir, the only present source of sterling balances which could be used by the Turkish Government as security for transactions with the United Kingdom.

17. We had agreed that the idea of Turkey seeking a Treasury guarantee loan was entirely impracticable. In the Comptoir we had an instrument fashioned and ready to our hands, for providing security which would facilitate a further operation through the Export Credits Guarantee Department, my second alternative, and might eventually even provide security for obtaining market credits in London, my third alternative.

18. No progress towards either method would be fruitful. However, if the operation of the Comptoir were merely limited to providing enough sterling to discharge the contractual obligations towards Messrs. Brassert or unless the Turkish Government took a hand in developing the operation of the Comptoir and passing through its agency the maximum number of transactions possible.

19. I reminded particularly Dr. Aras of my previous talks with him in this connexion some months ago. It seemed to me that what ought to be done was to market through the agency of the Comptoir in the United Kingdom or in any other country which had not entered into a clearing or similar agreement with Turkey, *all* Turkish mineral ores and also timber, etc., as regards mineral ores exported from privately owned mines, that the foreign exchange which in Turkey ought to be transferred either to the Comptoir or to the credit of the Turkish Government in the United Kingdom in order to have sterling available.

20. Musing it clear that I was not for making a complaint, but merely trying to diagnose the present situation, I went on to say that according to my information the Ete Bank was restricting the transactions passed through the Comptoir to the strict minimum, was stopping its funds free to sell Government-owned minerals in whatever market it chose, was even selling these minerals forward and, I believed, was actually selling some of them, though no doubt unconsciously to interests against co-operation with which the Ete Bank had itself cautioned the Comptoir.

21. Dr. Aras interjected that as Turkish trade relations with quite a number of countries worked in each case in a sort of compartment, it was not possible for Turkey always to sell to the Comptoir. I pointed out to his Excellency that I had provided for this in the wording of my statement which referred to countries other than the United Kingdom with which the Turkish Government did not have a clearing or other similar agreement. It stood to reason that we were not asking the impossible of Turkey; what I was suggesting was that there was a particular Turkish interest as well as one common to us both in extending the operations of the Comptoir in every way that it was possible. Dr. Aras's way of presenting his arguments suggested to me the idea that in his opinion my suggestion involved the sale *to* the Comptoir of old minerals and timber, and I therefore pointed out to him that it was the maximum number of sales *through* the agency of the Comptoir that I was advocating. I pointed out that so far as the yield of the sterling of the Comptoir was concerned and that it was an important consideration, it was a matter of comparative indifference to us to whom the minerals were destined, so long as their value was credited in sterling in the Comptoir books. For instance, if the buyer was an American it would be equally convenient for him to pay sterling to the Comptoir instead of dollars to the Turkish Government. If, to take another example, there were sales to Germany, the only asset that Turkey would obtain would be an increase in the number of blocked marks in Berlin. To take a third example, if Italy wished to buy Turkish chrome and was willing to pay sterling for it to the Comptoir, that would be a much more advantageous operation for Turkey than to sell to an Italian firm.

22. In any case it seemed to me that under the present circumstances the Comptoir, with the opportunity it offered to the Turkish Government for accumulating sterling balances, was the key to any future financial accommodation from London, and I much hoped that the Turkish Ministers would consider this position very carefully in the light of my observations.

23. As stated in my telegram under reference there seemed to me no doubt that the Prime Minister did find the situation as I had explained it to him considerably less favourable to his hopes than he had anticipated. Detecting a trace of disappointment in his manner, I thought it as well to assure him that the matter had been examined in London with the greatest care and with really

sympathetic attention, and that, as always in our dealings with the Turkish Government, we had thought it best to be entirely frank and straightforward. I moreover asked him to reflect how easy it would have been, had we wished to be unforthcoming or evasive, merely to say to him, "you have asked us to help you in obtaining credits; what are your minimum requirements; what proposals have you to make, and what tangible security do you propose to pledge?" This would not have been an unreasonable attitude, but I hoped he would appreciate that the statement that I had been authorised to make reflected a much more friendly and sympathetic frame of mind than a mere placing of all further responsibilities on Turkish shoulders.

24. General Ismet said he certainly did appreciate this and he went on to express his cordial thanks for my statement and for all the trouble that His Majesty's Government had so kindly taken in the matter. He added that it certainly was vastly preferable that he should be accurately informed about the true position.

25. In conclusion I said that it might be possible for Mr. Waley to come on a visit to Turkey some time in the autumn, if that would be agreeable to the Turkish Government, and that advantage might be derived from an exchange of views with that important and particularly able man's staff. Whereas I was an amateur in these questions, Mr. Waley was a professional of wide knowledge and experience.

26. General Ismet himself welcomed this and we both entirely agreed that a talk over things with Mr. Waley should be most useful and illuminating.

27. In order to avoid any possible future misunderstanding I made it clear that Mr. Waley, if his visit could be arranged, would certainly have no authority to negotiate, and that indeed it was not a question of negotiation that arose at all, but merely one of useful contact and an exchange of views.

I have, &c.

PERCY LORAINE.

Enclosure in No. 22

Statement by Sir P. Loraine

LORS de la visite à Londres au mois de mai son Excellence Ismet Inönü a soulevé, particulièrement avec le Chancelier de l'Echiquier la possibilité pour la Turquie de se voir faciliter un crédit à Londres.

Or, se plaçant sur le terrain politique le Gouvernement de Sa Majesté serait très heureux si la Turquie trouvait la possibilité d'obtenir des crédits dans le Royaume Uni. Il reconnaît que cela aurait pour effet de renforcer la puissance de la Turquie pour poursuivre sa politique dans laquelle l'amitié avec le Royaume Uni joue un rôle si important.

Mais j'ai été prié d'expliquer quelles sont les conditions de fait de pratique et de tradition à Londres au regard d'opérations de ce genre. Il se peut que la Turquie d'aujourd'hui n'a pas eu l'occasion de se familiariser avec ces conditions. La loyauté tout aussi bien que le bon sens indique la nécessité d'éviter toute méprise à ce sujet.

Ni le Gouvernement de Sa Majesté ni son Ambassadeur ne dispose d'aucun moyen pour faciliter l'octroi d'un crédit.

Il n'est pas, il n'a jamais été, la pratique du Gouvernement de Sa Majesté d'intervenir dans des négociations engagées par quiconque désire trouver un emprunt ou un crédit avec le marché de Londres.

A Londres un emprunt ne peut être émis avec succès que si les souscripteurs y voient une proposition profitable au point de vue financier, il n'existe pas de mesure loisible au Gouvernement de Sa Majesté pour persuader aux prêteurs de souscrire à un emprunt à la Turquie à moins que ceux-ci ne soient satisfaits de l'ample suffisance de la sûreté offerte. De l'autre côté il faut tenir compte du fait que ceux qui seraient disposés à placer leur argent dans des valeurs turques peuvent déjà le faire en achetant des obligations turques dont le rendement représente un taux d'intérêt élevé.

La procédure d'usage est la suivante. Un Gouvernement étranger désireux de trouver un emprunt à Londres consulte tout d'abord son agent et ses conseillers

financiers à Londres pour connaître la possibilité de réussir tel emprunt. La banque londonienne ainsi consultée, se basant sur sa propre connaissance de la situation de crédit dans la Cité de Londres du Gouvernement étranger dont il s'agit et, s'il en est besoin, après consultation avec les agents de change et les assureurs du marché forme son opinion sur la possibilité de lancer ledit emprunt et d'en assurer le succès.

Il n'est guère besoin d'insister sur le grand avantage qu'offre pour un Gouvernement étranger en toute circonstance la prise et le maintien constant d'un contact avec le marché de Londres par l'intermédiaire d'une institution financière, bien vue par le marché et jouissant de sa haute estime.

La Trésorerie, avec les connaissances qu'elle possède des conditions dans la Cité, et les disponibilités restreintes en devises sterling du Gouvernement turc, doit douter de la possibilité actuelle pour ce dernier de négocier des crédits dans le marché de Londres.

La question est à explorer et à traiter par les canaux financiers, non par la voie diplomatique; elle est dans la catégorie de questions dans lesquelles le Gouvernement de Sa Majesté, malgré sa grande bonne volonté, ne peut pas intervenir.

[E 5089, 194/44] No. 23

Sir P. Lorraine to Mr. Eden. (*Received August 31*)

(No. 500)

Sir, *Istanbul, August 30, 1937*

I HAVE the honour to inform you that a ceremony to celebrate the laying of the keel of the first submarine to be constructed in Turkey was held on the 14th August at the Golden Horn dockyard in the presence of the Prime Minister and the Minister of National Defence. According to press reports the dockyard has recently been undergoing renovation for this purpose.

2. The Counsellor of His Majesty's Embassy is informed that four submarines are to be constructed in this dockyard by Messrs. Krupp.

I have, &c.
PERCY LORAINE.

[E 5148, 100/44] No. 24

Sir P. Loraine to Mr. Eden.—(Received September 2.)

(No. 508 E. Confidential.)

Sir, *Istanbul, August 23, 1937*

I HAVE the honour, with reference to my telegram No. 76 of the 17th August, to transmit to you herewith a copy of a memorandum which, in accordance with the instructions contained in your despatch No. 336 of the 4th August, I have forwarded to the Minister for Foreign Affairs on the subject of the British Imperial and financial interests which would be affected by the institution of an oil monopoly in Turkey. I also enclose a copy of a covering letter which I sent to Dr. Aras.

2. As you will observe, I made no mention in the official memorandum of possible claims for compensation, but I thought it well to do so in the more personal covering letter, in which I also made it clear that the institution of a sales, as opposed to a general monopoly might create a similar situation.

3. I am sending a copy of this despatch to the Department of Oversea Trade.

I have, &c.
PERCY LORAINE.

Enclosure 1 in No. 24.

Mémorandum.

(Confidentiel.)

LE Gouvernement de Sa Majesté dans le Royaume Uni reconnaît au Gouvernement turc le droit de prendre toute mesure que celui-ci pourra juger apte à régler son économie nationale, mais il éprouve de l'inquiétude quant aux effets que l'établissement d'un monopole pétrolier pourrait avoir tout d'abord sur les intérêts généraux de l'Empire britannique en matière de la fourniture du pétrole et ensuite sur les intérêts particuliers britanniques qui, établis depuis longtemps en Turquie, ont dépensé de grosses sommes pour l'établissement et l'entretien d'une organisation (la Compagnie Shell pour la distribution des produits pétroliers.

2. Dans le Royaume Uni comme ailleurs, le pétrole occupe une position très importante dans l'économie nationale et une faillite en temps de crise créerait une situation d'une gravité exceptionnelle. La consommation de tous les produits pétroliers dans la Grande Bretagne en 1932 fut non moins de 2,026,061,000 gallons. Cependant en l'année 1932 par exemple sur une production mondiale de 181 millions de tonnes métriques de pétrole brut l'Empire britannique produit moins de 2 pour cent. Les grandes compagnies pétrolières britanniques d'autre part ont à leur actif une production de 30 millions de tonnes soit 16 pour cent. Leur activité est presque exclusivement localisée dans la production du pétrole en dehors de l'Empire que dans les procédés variés de raffinage, de transportation et de distribution, d'assurer à l'Empire une participation importante à cette branche de l'économie. Le Gouvernement de Sa Majesté doit compter sur ces organisations pour son ravitaillement et par conséquent toute question financière à part, si ces compagnies perdent leurs débouchés dans les marchés étrangers et qu'elles soient obligées de réduire l'organisation distributrice qu'elles ont mise sur pied dans l'Empire, dans le domaine du pétrole sera sérieusement compromise. Le Gouvernement turc se rendra sans doute compte que pour l'Empire britannique une question de plus haute importance politique et stratégique est celle de savoir de quelle façon ces organisations universelles sans lesquelles l'Empire serait désarmé pour se défendre en temps de crise et question qui aurait certainement un intérêt pour le Gouvernement turc —pour remplir ses obligations internationales. Toute mesure, prise par n'importe quel pays, de nature à affaiblir les organismes en question ne saurait manquer, dans la nature même des choses, de constituer à porter atteinte à l'organisation tout entière.

A part son aspect général cette question revêt aussi un aspect spécial, à savoir le fait que l'établissement d'un monopole pétrolier en Turquie ne manquerait pas, comme il est indiqué au premier alinéa, de léser les droits acquis d'une compagnie britannique qui a fait et fait des capitaux importants dans le pays. En troisième lieu il faut aussi prendre en considération que toute contraction des activités des compagnies pétrolières britanniques emporterait une perte commerciale pour le Royaume-Uni où des commandes considérables se trouvent placées chaque année pour l'outillage et le matériel.

Le 21 août 1937.

Enclosure 2 in No. 24.

Sir P. Loraine to Dr. Aras.

(Strictement confidentielle.)

M. le Ministre et cher ami, *Istanbul le 21 août 1937*

AINSI qu'il a été convenu lors de l'entretien que j'ai eu à Heybeli avec le Président du Conseil et avec votre Excellence je vous remets ci-joint un mémorandum exposant (d'après des instructions reçues du Secrétaire d'Etat) les considérations d'ordre politique et économique qui obligent le Gouvernement de Sa Majesté à envisager avec une extrême inquiétude tout projet pour la

monopolisation de l'industrie pétrolière turque. Je me suis borné, dans ce mémorandum, à faire ressortir les intérêts qui sont en jeu et je ne doute pas que les considérations que j'ai développées soient prises en sérieuse considération par le Gouvernement de la République; mais j'estime de mon devoir d'ajouter que si, éventuellement, la thèse britannique venait à être rejetée, les intérêts établis dans ce pays se verraient forcés, dans la situation qui en résulterait, de demander une compensation équitable. Cette situation pourrait se produire même dans le cas où le Gouvernement turc se déciderait à ne monopoliser que les ventes.

Il ne m'appartient pas d'examiner la question du côté turc, mais je me permets, à titre strictement personnel et l'ami d'ajouter les considérations suivantes: La Turquie ne possède pas actuellement une flotte de bateaux citernes ("tankers"). Si elle expropriait les compagnies pétrolières elle serait, en temps de crise, à la merci de circonstances dont la nature n'est certainement pas prévisible avec certitude, tandis que si les compagnies existantes étaient toujours en fonctions elle pourrait se procurer du pétrole des dépôts établis par ces compagnies partout dans le monde.

Veuillez, &c.
PERCY LORAINE

[E 5216/141/44] No. 25

Mr. Morgan to Mr. Eden. (Received September 6.)

(No. 531.)

HIS Majesty's representative in Turkey presents his compliments to His Majesty's Secretary of State for Foreign Affairs, and, with reference to Embassy despatch No. 494 of the 25th September 1936, has the honour to transmit herewith copies of (1) a circular note from the Turkish Ministry for Foreign Affairs dated the 26th August, (2) a telegram dated the 31st August to the Commander-in-chief, Mediterranean Station (*), respecting the wireless station at the entrance of the straits.

Istanbul, August 31, 1937.

Enclosure in No. 25.

Circulaire aux Missions diplomatiques en Turquie.

LE Ministère des Affaires étrangères a l'honneur d'informer les missions diplomatiques en Turquie que la station de télégraphie sans fil de Seddulbahr a été supprimée à partir de la date du 9 août 1937 pour être remplacée par la station qui vient d'être créée à proximité de Çanakkale. Son indicatif est T.B.C.

Cette nouvelle station a commencé à fonctionner dès la même date.

Ce Ministère saura gré aux missions diplomatiques de vouloir bien porter ce qui précède à la connaissance des autorités intéressées de leur pays.

(Seal.)

Ankara, le 26 août 1937.

(*) Not printed.

[E 5374/141/44] No. 26

Mr. Morgan to Mr. Eden. (Received September 14.)

(No. 538.)

Istanbul, September 7, 1937.

Sir,

I HAVE the honour, with reference to my despatch No. 531 of the 31st August, to inform you that, according to a communication which I have received from the Acting Secretary General of the Ministry for Foreign Affairs, the new wireless station at Çanakkale is the station with which warships

intending to enter the Straits should now communicate, as laid down in article 13 of the Montreux Straits Convention.

2. I am sending a copy of this despatch to the Commander-in-chief, Mediterranean Station.

I have, &c.
JAMES MORGAN

[E 5428/16/44] No. 27

Mr. Morgan to Mr. Eden. (Received September 16.)

(No. 544 E.)

Istanbul, September 9, 1937.

Sir,

I HAVE the honour, with reference to Sir Percy Loraine's despatch No. 399 E. of the 2nd July, to transmit to you the accompanying copy of a memorandum by the commercial counsellor of His Majesty's Embassy on the establishment of factories under the Turkish first Five Year Plan.

2. It is hoped that the information contained in this memorandum may be of interest to the Industrial Intelligence Centre of the Department of Overseas Trade, to which Department a copy of this despatch is being sent.

I have, &c.
JAMES MORGAN

Enclosure in No. 27.

Memorandum respecting Factories under the Turkish first Five Year Plan.

THE following factories which were included in the first Five Year Plan have now been completed, and ceremonial inaugurations of the same will take place shortly:

Nazilli cotton mill
Bursa merino factory
Gemlik artificial silk factory

The Nazilli textile factory is the fourth mill under the first Five Year Plan for the manufacture of cotton tissues. The machinery is being supplied by the Soviets and its producing capacity is said to be 20 million metres (1,800,000 kilog.) of coarse cotton fabrics for the peasant class and fine fabrics for the urban consumers.

According to information already supplied by His Majesty's consul general at Smyrna, a comparatively small portion only of the machinery will be at work by October next, and it is improbable that the factory as a whole will attain full and normal rhythm for upwards of two years.

When the Malatya mill is in operation next year the Turkish Government will have executed the cotton goods section of the first Five Year Plan, which included the large mills of Kayseri and Eregli and an extension to the Bakirköy factory. These mills have been operating for several months.

According to the most recent information, the annual productive capacity of the new cotton mills for which provision was made under the first Five-Year Plan is as follows:—

	Thread. Kilog.	*Cloth Kilog.*
Bakirköy	3,500	962,000
Kayseri	14,000	5,000,000
Eregli	600,000	600,000
Nazilli		1,800,000
Malatya	650,500	792,000
Totals	1,268,000	9,154,000

Taking into consideration the productive capacity of private mills with an output of 6,620,000 kilog. of thread and 4,235,000 kilog. of cotton cloth, the country's total production will represent 7,888,000 kilog. of thread and 13,089,000 kilog. of cotton cloth which it is believed will provide for the country's requirements.

To turn to other factories under the Five-Year Plan

The merino wool factory of Bursa, when in full activity, will be able to supply the Fezhane. Hereke and Bunyan cloth factories with 1 million kilog of woollen thread, which is said to be sufficient for their requirements Woollen thread is at present imported from abroad

The artificial silk factory at Gemlik will provide for a daily output of 1,000 kilog of artificial silk which is considered to be sufficient for the needs of the country.

The factories in operation under the first Five Year Plan are as follows —

Factories.	*Administered by*
Bakirkoy cotton mill	Sumer Bank
Kayseri cotton mill	,,
Eregli cotton mill	,,
Nazilli cotton mill	,,
Bursa merino factory	,,
Gemlik artificial silk factory	,,
Izmit paper factory	,,
Semi-coke factory at Zonguldak	Is Bank
Glass and bottle factory at Paşabahçe	,,
Isparta attar of roses factory	Is and Sumer Banks
Sulphur factory at Keçiborlu	,,

The Karabuk iron and steel works the Malatya textile factory already referred to and the cellulose factory to form an annex to the Izmit paper factory which were all of them included in the first Five Year Plan are under construction and it should also be noted that shortly before the Turkish Government undertook to carry out this plan the Beykoz footwear factory was completely renovated and a sugar industry was successfully established in Turkey the output of which should make Turkey self-supporting in this commodity

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[E 5448/136/44] No. 28

Mr Morgan to Mr Eden (Received September 17)

(No. 545.)

Sir, *Istanbul September 9, 1937*

I HAVE the honour, with reference to my telegram No. 92 of the 7th September, to report that H.M.S. *Despatch* flying the flag of Rear-Admiral L. V. Wells, D.S.O., and accompanied by His Majesty's ships *Delhi Inglefield, Ilex* and *Hex*, arrived at Istanbul on the morning of the 2nd September on a visit which had been made official at the special request of the Turkish Government

2. The Turkish authorities spared no pains nor expense in arranging a programme of entertainment for their guests and indeed their original proposals contemplated no return of hospitality by Admiral Wells – a fact which necessitated some changes in the original plan A copy of this programme, as actually carried out, is enclosed for your information (1)

3. There is no doubt that the visit was genuinely welcomed by the Turkish authorities, civil and military, and by the population of Istanbul as well Vice-Admiral Sükrü Okan, the Commander-in-chief of the Turkish navy, and Rear-Admiral Wells obviously took to each other from the start. His Majesty's ships, their officers and the ships companies made an excellent impression on everyone, and I shall be surprised if the extremely interesting demonstration given by H.M.S. *Inglefield* on the afternoon of the 6th September has not convinced the senior officers of the Turkish navy, who were privileged to witness it, that the Royal Navy possesses both ships of exceptional quality and consummate ability in handling them The atmosphere throughout was one of marked cordiality, and the significant feature of the visit was that, probably for the first time, foreign officers were allowed to mix freely with Turkish officers on Turkish soil The wives and daughters of the Turkish officers were also authorised to appear in full force at various events, and obviously enjoyed their rare experience of meeting foreigners.

(1) Not printed

4. The press recorded at length, but with strange if harmless inaccuracy, the entertainments offered to the British guests. A copy of a (fortunately judicious) leading article contributed to the *Republique* by M. Abidin Daver is enclosed for your information (1)

5. No formal speeches were exchanged in the course of the visit but before sailing from Istanbul Admiral Wells addressed to Vice Admiral Sükrü Okan, a personal letter of thanks of which a copy forms enclosure No. 3 (1)

6. Considering the short time at their disposal, manœuvres in Thrace and the visit of a Yugoslav warship having absorbed all their energies until almost the eve of the arrival of His Majesty's ships, the Turkish authorities are to be congratulated on the smooth working of a decidedly heavy programme. In the realm of sport, the Turkish navy were victorious at football and rowing, but His Majesty's ships may have derived some comfort from a convincing victory at cricket over the British colony.

7. I am sending a copy of this despatch to the Commander-in-chief, Mediterranean

I have, &c.
JAMES MORGAN.

(1) Not printed

[E 5430/24/44] No. 20

Mr Morgan to Mr Eden (Received September 16)

(No. 551 E.)

Sir, *Istanbul September 11, 1937*

I HAVE the honour with reference to Sir Percy Loraine's despatch No. 303 E. of the 1st July last analysing the movement of Turkish foreign trade during the first quarter of the current year to transmit herewith three returns showing the distribution of Turkey's foreign trade with her principal suppliers and customers for the second quarter ending the 30th June, 1937 (Tables 1A and 1B), and for the first six months of the current year (Table No. 2) An additional table (No. 3) is also attached showing the composition of Turkey's favourable balance of trade during the half year

2. During the second quarter of this year the total value of Turkish foreign trade was as follows :—

	Second quarter 1937	*Second quarter 1936*
	£T	£T
Imports	27,117,354	24,205,585
Exports	18,256,533	18,999,333
Excess of imports over exports	8,860,821	5,206,252

This excess of imports over exports is a normal feature of the June quarter, and does not in itself call for special comment

3. A point of interest, however, is the variation of imports and exports as between the first and second quarters, which has been much more marked than the previous year Imports have increased in value by over £T 6 million from the March to the June quarter, and exports have dropped by £T 18 million

4. The above increase in imports during the June quarter no doubt reflects the increase in Turkey's purchasing power, which was derived from her unusually large exports during the immediately preceding months.

5. The decline in the total value of exports, on the other hand may be accounted for by the abrupt fall in exports to Germany after the beginning of February which was due to difficulties in obtaining prompt payment

6. During the half year ending the 30th June, 1937 the total value of imports into Turkey was £T 48,008,776 as compared with £T 44,559,916 in 1936. The value of exports during the same period was £T 54,909,229 as against £T 41,006,516 last year

7. Exports during the first half of the current year have, therefore, exceeded imports by £T 6,900,453 whereas in the same period of 1936 imports exceeded exports by £T 3,553,500

8. A comparison of the volume of imports and exports during the first six months of 1937 and 1936 gives the following results —

	Imports Kilog	Exports Kilog	Excess of exports over imports Kilog
Six months to June 30, 1937	259,018,365	503,835 002	244,836.637
Six months to June 30, 1936	236,440.059	316,002,046	79,561,987

9. As regards trade with individual countries, it is not yet possible to draw any comparison with preceding years owing to the absence of the necessary data. There have been some changes in the direction of trade as between the first and second quarters of 1937 but it is not possible to judge whether they are normal at this season of the year.

10. The increase in Turkey's imports during the June quarter was mainly derived from the United States and Germany.

11. In the domain of exports there have been substantial decreases during the June quarter in respect of purchases by Germany and by the United States, which have been only to a small degree offset by increased buying on the part of Belgium, Czechoslovakia, the United Kingdom, France and the Netherlands.

12. As regards the balance of trade (Table 2) it would be premature to draw any conclusion from the results of the first six months of the current year. A comparison with the results for the full year 1936 shows however that those countries with which Turkey has now a favourable balance are with few exceptions, the same as those with which she had a substantial balance in her favour last year (see Sir Percy Loraine's despatch No. 226 E. of the 19th April last). The principal exception is that of the United States who during the period under review had a favourable balance of trade of £T 2,225,000, as against an unfavourable balance of nearly £T 4½ million in the year 1936. Egypt and Palestine although to a far lesser degree, also have a favourable balance. These two countries together with the United States, have been receiving free exchange in respect of their exports to Turkey. I have no doubt, however, that at the end of the export season Turkey will have regained her favourable position *vis-à-vis* these countries.

13. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN

Enclosure in No. 29.

Table 1A *Imports into Turkey from Principal Countries during the First and Second Quarters of* 1937

Country of Origin	*Quarter ending June 30*	*Quarter ending March 31*
	(*Thousands of £T*)	
Germany	10.774	9,086
United States	4,977	2,403
U.S.S.R.	1,700	963
Italy	1,647	1.844
United Kingdom	1 443	1,058
Egypt	635	223
Czechoslovakia	607	368
Austria	604	354
Brazil	575	483
Sweden	521	648
Netherlands	342	261
Japan	332	280
Roumania	317	476
France	284	292
Other countries	2.350	2 152
Total	27 117	20,891

Table 1B —*Exports from Turkey to Principal Countries during the First and Second Quarters of* 1937

Country of Destination	*Quarter ending June 30*	*Quarter ending March 31*
	(*Thousands of £T*)	
Germany	3,480	20 347
Czechoslovakia	1 793	1 376
United Kingdom	1,733	1,393
Belgium	1,601	728
Italy	1 516	1 508
France	1,404	1,120
United States	1 030	4.101
U S S R	704	1,817
Greece	644	421
Netherlands	531	184
Switzerland	507	820
Syria	502	230
Austria	468	487
Sweden	247	336
Other countries	2 030	1,770
Total	18,256	36 653

Table 2 *Imports from and Exports to Principal Countries during the Six Months ending June* 30 1937

Imports

Country of Origin	*Thousands of £T*	*Percentage of Total*
Germany	19,060	41 37
United States	7 380	15 38
Italy	3 491	7 27
U S S R	2,653	5·53
United Kingdom	2 501	5 21
Sweden	1,169	2 44
Brazil	1,058	2 21
Czechoslovakia	970	2 03
Austria	958	2 01
Egypt	858	1·79
Roumania	795	1 65
Japan	612	1·28
Netherlands	603	1·25
France	576	1 20
Other countries	4 511	9·39
Total	48.009	

Exports

Country of Destination	*Thousands of £T*	*Percentage of Total*
Germany	23.827	43 39
United States	5 131	9 38
Czechoslovakia	3 169	5·77
United Kingdom	3 126	5 69
Italy	3 024	5·51
U S S R	2 581	4 70
France	2 524	4 60
Belgium	2,329	4 24
Switzerland	1 327	2 42
Greece	1,065	1 94
Austria	955	1 74
Syria	738	1 34
Netherlands	715	1 30
Sweden	583	1 06
Other countries	3 815	6·94
Total	54,909	

Table 3—Turkey's Balance of Trade during the First Half Year 1937

The balance of trade in Turkey's favour at the 30th June, 1937 was £T 6,900,453
The main items composing the above figures are —

Favourable balances in trade with—	*Thousands of £T.*
Germany	3,968
Czechoslovakia	2,193
France	1,949
Belgium	1,907
Switzerland	905
Greece	803
United Kingdom	625
Syria	522
Poland	310
Netherlands	112
Italian possessions in the Ægean	72

Unfavourable balances in trade with	*Thousands of £T*
United States	2,250
Brazil	857
Roumania	675
Sweden	587
Italy	467
Egypt	376
Hungary	311
Finland	274
Norway	230
Japan	201
Philippine Islands	197
Spain	132
Yugoslavia	103
U S S R	82
Palestine	74

In trade with other countries, the balance is under £T 40,000 either way

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[W 17392/23/41] No. 30

Mr Neville Chamberlain to His Majesty's Representatives at Athens (*No* 99) *and Istanbul* (*No* 46).

(Telegraphic) R *Foreign Office, September* 17, 1937

IT is desired in connexion with anti submarine patrol, to use certain Greek (Turkish) harbours as bases for His Majesty's ships. Under Nyon arrangement participating Governments agree to place their harbours at our disposal for this purpose, but as act of courtesy you should obtain concurrence of Greek (Turkish) Government for use of (Athens only) Lemnos Island and Skyros Island, (Istanbul only) Bay Eritra on west side of Kara Burnu peninsula

(To both)
Some of His Majesty's ships using these bases will be equipped with aircraft

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[W 17602/23/41] No. 31

Mr Morgan to Mr Neville Chamberlain (*Received September* 19)

(No. 96.)
(Telegraphic.) R *Istanbul, September* 19 1937

YOUR telegram No. 46

Following is translation of telegraphic reply received from Acting Minister for Foreign Affairs —

"Nyon arrangement states in article 4 section 2 paragraph B that British and French fleets, in accordance with division agreed upon between the two Governments shall be authorised to use such ports of other participating Powers bordering on the Mediterranean as latter shall indicate. Taking your friendly suggestion into consideration the Government of the republic has decided to apply the decision in Nyon arrangement quoted above by indicating Bay Eritra for British warships subject to sole reservation that aircraft carried by said ships shall not carry out flights outside the bay in view of proximity of fortified zone

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E 5587/315/44 No. 32

Mr Eden to Mr Morgan (*Angora*)

(No. 309)
Sir, *Foreign Office, September* 22, 1937

THE Turkish Foreign Minister came to say good bye to me on my departure from Geneva, and expressed his keen regret that owing to his country's failure to obtain re-election to the Council he would not be able to work with His Majesty's Government on that body as he had done in recent years. Nothing had given him or his Government more satisfaction than the excellent relations which had been established between our two countries. These would of course be continued through the diplomatic channel but Turkey would be sorry not to be able to work with us at Geneva as before.

2. I replied expressing regret at Turkey's failure to secure re election and our appreciation of Turkey's friendship.

3. M. Aras then embarked on a further long speech the gist of which was to emphasise that Turkey's policy would continue to be based on firm friendship with His Majesty's Government for whose policy in the present troubled state of the world they had a very sincere admiration. Ataturk was not, M. Aras gave me to understand unduly apprehensive for the future of the Mediterranean. In his view, Signor Mussolini was a gambler who had had a very lucky throw at the gambling table in connexion with Abyssinia, unhappily for him, however, he had not been wise enough to get up from the table after that one success, and was making further throws. The ultimate result was therefore, not in doubt.

4. M. Aras mentioned that Count Ciano was paying a visit to Istanbul in the autumn. His Excellency had nothing to talk to Count Ciano about, and was not prepared to improvise any topics unless he was first sure that they would fall in with our views. Would there be anything to be gained, for instance, by his sounding Count Ciano on naval limitation in the Mediterranean? Would it be helpful, for instance if a naval agreement could be reached with the Italians in the Mediterranean similar to that which we had made with Germany over the North Sea? I replied that I was myself dubious of the wisdom of raising this subject. I did not think the Italian Government would be willing to accept a position of inferiority in naval armaments in relation to us in the Mediterranean. Moreover, we attached the greatest importance to the mobility of our fleet and would not, I felt sure, be willing to admit a limitation of our right to reinforce our Mediterranean fleet whenever we wished to do so. M. Aras assured me that he understood the importance of what I had said and would therefore drop the idea. In these circumstances, may be, it would be wise if he contented himself with encouraging Count Ciano to widen the Italian declaration of last January so as to include other Mediterranean Powers. I replied that I saw no objection to this.

I am, &c.
ANTHONY EDEN

[E 5571/15/44] No. 33.

Mr. Eden to Mr. Morgan (Istanbul).

(No. 402.) *Foreign Office, September 22, 1937*

Sir,

I HAVE to inform you, with reference to my despatch No. 328 of the 20th July, that the contracts for the engagement of Wing-Commander Lee and Squadron-Leader McKeever as instructors at the Turkish Air Force Staff College were signed at the Turkish Embassy to-day.

2. The contracts were signed in Turkish, an English text being at the same time initialled. Each officer received a letter signed by the Turkish Chargé d'Affaires stating that the signed Turkish text was identical with the initialled English text. In addition each officer signed a letter, addressed to the Chargé d'Affaires, waiving the right granted under article 90 of the contract to claim from the Turkish Government payment in virtue of salary for the period of the journey from this country to Turkey and of the return journey from Turkey to this country. Provision for payment of salary during these periods is made under article 103 I, III and IV in the form of an addition to the sums which the officers are to receive in respect of personal insurances. This arrangement was made in order to overcome certain technical administrative difficulties on the Turkish side.

3. Copies of the English texts of the contracts are enclosed herein, together with copies of the letter addressed by the officers to the Turkish Chargé d'Affaires (?).

4. The officers propose to leave for Turkey as soon as they have been able to make the necessary arrangements for their departure.

I am, &c.

ANTHONY EDEN

(Not printed.)

[E 5612/468/44] No. 34.

Mr. Morgan to Mr. Eden (Received September 24.)

(No. 99.)

(Telegraphic.) *Istanbul, September 23, 1937*

DURING the past two or three days Istanbul has been alive with rumours of a quarrel between President of the Republic and General Ismet Inonu. The quarrel was said to have arisen over alleged discontent of Russia with Turkish attitude at Nyon or over an intention of Turkish Government to devalue their currency and to have resulted in Ismet's resignation.

2. I called to-day on Acting Minister for Foreign Affairs and mentioned these rumours. He said they were entirely baseless.

3. The truth was that Prime Minister four years ago and again one and a half years ago had expressed to President of the Republic his wish to resign so that others might learn how to run the Government and so that the country might get accustomed to seeing others than himself as Prime Minister. President of the Republic then dissuaded him, but of late Ismet has found himself worn out and on the verge of a breakdown and had insisted on retiring so as to take a complete rest. President of the Republic had finally agreed. As however it would have become necessary to summon Grand National Assembly if Prime Minister resigned at once it was arranged that he should be given six weeks' leave and that he would resign when Assembly met at the beginning of November. Celal Bayar now Minister of Economy would act as Prime Minister in the meantime, and would then be appointed Prime Minister and form his Cabinet.

4. Acting Minister for Foreign Affairs, in reply to my enquiry, said that he could not yet assure me that Dr. Aras would be in the new Cabinet but that it was his personal opinion that he would.

He was emphatic that there had been no quarrel between President of the Republic and Ismet. They were ever the sincerest of mutual friends and remain so. The resignation had nothing to do with alleged Russian discontent over Nyon

or with alleged intentions of devaluation. It was solely due to Ismet's fatigue and desire to train up other and younger men to take over the reins of government. Ismet was one of the pillars of Turkish revolutions and one of the greatest figures in Turkey, and would, of course, be always consulted by President of the Republic, and when completely restored to health would again take over duties of Prime Minister if there was some imperious need for this course.

[E 5615/888/44] No. 35.

Mr. Morgan to Mr. Eden (Received September 24.)

(No. 102 Confidential.)

(Telegraphic.) *Istanbul, September 23, 1937*

MY telegram No. 99.

Speaking of rumour alleging Russian discontent with Turkey's attitude at Nyon, Acting Minister for Foreign Affairs dismissed it as baseless but said that Soviet Chargé d'Affaires had recently complained to him of an anti-Soviet bias in articles by Yunus Nadi and asked that Turkish Government should make an official statement showing that Turkish Government did not agree with Yunus Nadi's "insinuation that unknown submarine was Russian" (see my despatch No. 528).

Acting Minister for Foreign Affairs replied that constant friendship with Soviet Russia was the cornerstone of Turkish policy, but this did not imply an attitude of humble subservience on the part of Turkey towards her great friend. He could not see his way to issuing such a communiqué. He added that Yunus Nadi was not anti-Russian, and he pointed out to Chargé d'Affaires that Turkish policy in the Mediterranean was entirely identified with that of His Majesty's Government and French Government and was opposed to policy of Rome-Berlin axis. Were Turkey to alter her present policy in the Mediterranean it would be an act of folly. It was a policy which was to Russia's advantage and effectively demonstrated Turco-Russian friendship. It rendered unnecessary a public disavowal by Turkey of alleged anti-Soviet sentiments.

Acting Minister for Foreign Affairs ended by telling me that request of Chargé d'Affaires was a sign of nervousness in Moscow in regard to Turkey which was entirely unjustified.

(Repeated to Moscow.)

[W 17959/16618/41] No. 36.

Mr. Morgan to Mr. Neville Chamberlain.—(Received September 25.)

(No. 15 Saving.)

(Telegraphic.) *En clair* *Istanbul, September 21, 1937*

MY telegram No. 96.

Discussion on 18th September by Grand National Assembly of the Nyon and Geneva Agreements was opened by the Acting Minister for Foreign Affairs, who after intimating that the report of the Mixed Parliamentary Commission recommended approval of the agreements summarised the events leading up to their conclusion.

M. Numan Menemencioglu stated that the recent submarine outrages on merchant shipping in the Mediterranean had made the adoption of collective measures necessary, and had led the British and French Governments to invite the interested States to a conference. The basic proposition before the conference was that submarines guilty of such outrages must be considered and treated as pirates. After demonstrating that these submarine outrages were contrary to international law as well as to the *procès verbal* signed at London in 1936 (to which Turkey had adhered), M. Numan Menemencioglu concluded that "the Nyon Conference without admitting the existence of a state of war in connexion with events in Spain and without according the opposing parties in Spain belligerent rights has confirmed the principles of the London agreements with the measures which every State is entitled to take against acts of piracy. There will be no intervention in Spanish affairs, but ships other than those of the parties fighting in Spain will be safeguarded."

Acting Minister for Foreign Affairs finally gave a brief resumé of the contents of the agreements.

The President of the Council stated that the Nyon Agreement was an expression of solidarity and collaboration both material and moral against acts of piracy. The regrets of the Powers who had taken the initiative in convoking the conference at the non participation of certain States were shared by Turkey.

General Ismet Inonu continued that the Nyon Agreement had given Europe a breathing space at a tense and critical moment. Turkey would look upon a war in the Mediterranean and in Europe as a catastrophe and considered it her duty to do everything in her power to prevent the outbreak of such a war. Finally General Inonu expressed the hope that the Great Powers which still remained outside the arrangement would see their way to co-operate in a measure which he hoped would become the fullest expression of international collaboration.

[E 5812/466/44] No. 37

Mr. Eden to Mr. Morgan (Istanbul)

(No. 49)
(Telegraphic) *Foreign Office, September 27, 1937*

I AM considerably perturbed by your telegram No. 99. Is it your opinion that any change of policy may be behind these changes of personnel? I assume that this is not so but I should be grateful to have your views on the subject. I should also be grateful if you would let me have a full appreciation of the character of Celal Bayar who appears likely to be the new Prime Minister.

I note moreover that whilst Ismet Inonu appears certain to be going there appears also to be a certainty that Dr. Aras will remain his position. A double loss of this character would be most serious from the British point of view. I presume that there is nothing that can now be done to prevent the loss of Ismet but is there in your opinion any step that could usefully and profitably be taken to strengthen the possibility of the retention of Dr. Aras? I should be glad of your comments at the earliest possible moment.

[E 5860/466/44] No. 38

Mr. Morgan to Mr. Eden (Received September 28)

(No. 106. Confidential)
(Telegraphic) *Istanbul, September 28, 1937*

YOUR telegram No. 49.

In my opinion, no change in policy has followed change of Prime Minister. Ataturk himself initiates and inspires Turkish Government's policy. He alone for instance is given entire credit for revival and promotion of Anglo-Turkish friendship. Turkish foreign policy is therefore likely to continue to remain as at present, *i.e.*, based on Balkan *Entente*, the Saadabad Pact, friendship with Russia and His Majesty's Government and courtesy to Italy and Germany. At home there will probably be no change in policy of reconstruction and of establishment of financial stability.

2. Celal Bayar is an honest hard working man and is essentially a banker and man of business. He lacks the personality and prestige of Ismet. His leadership will not be so unquestioned and admitted as that of Ismet. He can never have the confidence and loyalty of the army, which Ismet as officer and a successful commander possessed. Nor again can he stand up to Ataturk as Ismet could and did. A Cabinet formed by Celal Bayar is therefore likely to be more subservient to Ataturk than one led by Ismet to carry on his policy without question.

3. However Turkey's policy will probably have a Liberal character than heretofore as unexpected decisions taken and orders issued by Ataturk in the early morning hours will probably not result from Celal Bayar the salutary opposition and criticism supplied by Ismet as exemplified in Sir P. Loraine's telegram No. 37 from Angora.

4. Please see immediately succeeding telegram for fuller appreciation of Celal Bayer's character.

5. As regards Dr. Aras, I did briefly express on 23rd September to M. Numan Menemencioglu the hope that there would be no change in Ministry for Foreign Affairs.

6. Dr. Aras enjoys the favour of Ataturk. He has never dared to take any lines in foreign affairs except in accordance with definite instructions of Ataturk, of whom he is the only mouthpiece. His departure therefore would signify no change in Turkey's foreign policy. It seems to me difficult to take any step towards Dr. Aras's retention, as effect might perhaps be unfortunate. An intimation of your wishes to M. Numan Menemencioglu in Angora might be unwise if he possibly cherishes hopes of occupying his chief's post in due course. Approach behind his back as, for instance through Fethi Okyar who is at present here but who is leaving for London early on 1st October might displease M. Menemencioglu. In the circumstances it might be well to take no action at least for the present.

[E 5880/466/44] No. 39

Mr. Morgan to Mr. Eden (Received September 29)

(No. 107. Confidential)
(Telegraphic) *Istanbul, September 28, 1937*

MY immediately preceding telegram.

Celal Bayar (see No. 13 in Turkish Personalities, 1937) has a straight forward and honest character. He is generally reputed to be a man who may be relied on to carry out his undertakings a reputation which has been fully endorsed by this Embassy's experience of him.

2. A hard worker and abstemious, he prefers to spend his leisure out of doors, e.g. in Angora or sailing on the Sea of Marmora. He is president of the virtually Anglo-Turkish Koda Yacht Club. He is an experienced banker and economist but has little experience of foreign affairs. Bureaucrat rather than a politician he enjoys nothing like the prestige of Ismet in the country.

3. He has always been and still is very close to Ataturk and may be expected to fulfil faithfully the rôle of eye and ear of the great man, plant and supple where his personal interests are concerned, he hardly possesses the strength of character to stand up to Ataturk if he disagreed with some proposed action of the latter.

4. His qualities are those not of a leader, but of a faithful subordinate, and is hardly of the calibre to manage a presumptuous or unruly Cabinet.

[E 5899/820/44] No. 40.

Mr. Morgan to Mr. Eden.—(Received September 30)

(No. 572 E. Confidential)
Sir, *Istanbul, September 25, 1937*

I HAVE the honour, with reference to Chancery letter of the 30th June, and Sir Nevile Henderson's despatch No. 819 E. of the 9th September, to transmit to you the accompanying memorandum by the commercial counsellor of His Majesty's Embassy regarding the new Turco-German Commercial Agreement, prepared on the basis of a report made to him confidentially by a private person who was able to attend the meeting referred to in paragraph 1 of the memorandum, on behalf of Colonel Woods and the Ottoman Bank.

2. It will be seen that the new agreement was stated to have come into force on the 15th September for a duration of eleven and a half months and that it is not proposed to publish it although the principal clauses will shortly be communicated to the Turkofis. At present the Turkofis has little information

about the agreement apart from a quota list (of which a copy is enclosed) received from Angora showing the quotas allocated to Germany in respect of certain Turkish products

3. I am sending copies of this despatch to His Majesty's Ambassador at Berlin and to the Department of Overseas Trade

I have, &c.
JAMES MORGAN

Enclosure 1 in No. 40.

(Confidential)

Memorandum on the recent Turco-German Agreement governing Commercial Exchanges

FAIK KURDOGLU, Under Secretary at the Ministry of National Economy, convened a meeting last night of Turkish exporters in order to furnish them with particulars in regard to the operation of the new agreement governing commercial exchanges between Turkey and Germany.

Faik Kurdoglu, who was the principal Turkish negotiator, made an introductory speech on the situation in Germany. He drew a somewhat pessimistic picture of the situation there in so far as Germany's overseas trade was concerned, and of the difficulties which German merchants had to contend with. German merchants, he stated, were obliged to obtain licences to import goods into Germany as well as to enable them to export German products, and there was, he added, a tendency on the part of the German Government to restrict export licences, except in so far as the export to countries granting free exchange was concerned.

He then went on to speak about the difficulties he had encountered during the negotiations in Berlin which lasted two months, difficulties which could perhaps have been overcome if Turkey had been able to do without the German market. Another factor that had also to be considered during the negotiations was the Turkish export season, the opening of which was imminent.

At this juncture, Faik Kurdoglu perceived that some persons in the room were taking notes. He thereupon remarked that they were to bear in mind that his declarations were of a confidential nature, and he appealed to the patriotism of his auditors not to divulge nor to repeat what he had said in German circles.

He then went on to impress upon merchants present that it would be in their interests to look to other markets and he warned them that it would be unwise for them to be drawn by offers from Germany which, whilst appearing advantageous might be prejudicial to their interests in view of the present position under the Turco-German Agreement. Under this instrument Turkey was owed £T 27 million, and this being the case, exporters would not be able to commence to receive payment on new exports for at least ten months if one took into consideration that the present average monthly value of German exports to Turkey did not exceed £T 3 million, unless other factors, such as the purchase of rolling stock were introduced into the picture.

Faik Kurdoglu then went on to say that the text of the Turco-German Agreement would not be published, but that its principal clauses would shortly be communicated by the Turkofis to Turkish exporters, and he again recommended export merchants to be very prudent in their transactions with Germany so as not to increase the present blockage of funds.

If they followed his advice there would be a clear field upon which the Turkish Government could dictate their terms in the course of subsequent negotiations with Germany when the present agreement expires.

The new agreement, Faik said, came into force as from the 15th September and remains in force for the duration of eleven and a half months.

(1) The value of Turkish exports to Germany had been fixed at £T 40 million against an equivalent import from Germany.

(2) The export of certain Turkish products had been restricted under a quota system.

(3) Germany undertakes to grant export licences in respect of all products of German origin exported to Turkey.

(4) Germany undertakes to participate in all Government tenders and to quote prices at the same level as world prices. The Turkish Government, nevertheless, reserves the right to place orders under Government tender with any country other than Germany.

In conclusion, Faik Kurdoglu advised merchants always to apply to the Turkofis before binding themselves by virtue of sales contracts in respect of Turkish products the export of which is now restricted under a quota in so far as Germany is concerned, and to insist upon a copy of the German import permit being sent to them so that they should be safeguarded against the export to Germany of products which cannot be introduced owing to the insufficiency or lack of a quota.

Enclosure 2 in No. 40.

Contingents alloués à l'Allemagne pour la période 1er septembre 1937-30 août 1938.

	Marks		*Marks*
Tabacs	11,005,200	Millet	285,200
Raisins	8,611,800	Vesce	732,000
Figues	1,611,600	Alpiste	298,200
Noisettes	12,685,800	Tapis	541,800
Amandes	106,200	Peaux de chasse	105,000
Noix	1,208,400	Graines de coton	361,800
Coton	4,954,200	Huile d'olive	334,800
Laine	3,604,800	Pois chiches	303,600
Mohair	4,848,000	Abricots secs	91,800
Chanvre	79,800	Avoine	700,200
Boyaux	982,800	Magnésite	5,400
Cire	106,800	Antimoine	53,400
Vallonées	998,400	Chrome	1,912,600
Blé	4,840,800		
Orge	2,179,300	Total	63,450,300

[E 5700/820/44] No. 41

Mr Morgan to Mr Eden (*Received September* 30.)

(No. 573 E.)

Sir, *Istanbul, September* 25, 1937.

I HAVE the honour, with reference to my despatch No. 572 E. of to-day's date regarding the Turco-German Commercial Agreement, to inform you that the Acting Minister for Foreign Affairs told me on the 23rd instant that the Turkish Government were determined to eliminate their adverse trade balance with Germany. It was true that Germany placed considerable orders in Turkey, and this helped the Turkish producer to clear his stocks to apparent advantage. But what amounted almost to the monopolising of the Turkish export market by Germany had meant that Turkish money was "blocked" in Germany, and that payments to Turkey were in effect made in "monnaie de singe." The Turkish Government had, therefore, given M. Faik Kurdoglu instructions that, in his negotiations with Germany he must insist on Turkish annual exports to Germany being limited to a fixed figure—£T. 40 million. The Turkish Government foresaw that Turkish exporters would complain. They would undoubtedly have to find other markets than Germany for goods to the value of some £T. 20 million normally exported to Germany and would have to sell at prices equivalent to or less than world levels. M. Numan Menemencioglu had no doubt, however, that other markets could readily be found. Experience had shown that when earlier in the year, Turkish exports to Germany had been restricted owing to the limiting of advances by the Central Bank of Turkey exports normally intended for

Germany were soon absorbed elsewhere. Again though lower prices were obtained, the methods of settlement were more satisfactory than the method prevailing in Turco-German trade.

2. I am sending copies of this despatch to His Majesty's Ambassador in Berlin and to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

[E 5754/466/44] No. 42

Mr Morgan to Mr Eden (*Received October 3*)

(No. 112)
(Telegraphic) *Istanbul, October 2, 1937.*

MY telegram No. 110.

I called to-day on Minister for Foreign Affairs, who arrived here yesterday from Geneva. I asked him whether impending change of Prime Minister indicated any change in Turkey's policy.

2. He at once replied in the negative. He stated that Turkey's policy was entirely directed by the President of the Republic whose views had undergone no alteration. Moreover he added: The President has instructed me to remain at my post and continue my present policy, which is well known and agreeable to your Secretary of State. Ismet Inonu and Celal Bayar had also told him to remain at Ministry for Foreign Affairs. He and Celal are very old friends, and will work most harmoniously together.

3. I took on myself to say that you had hoped that he would remain, and that you would be glad to hear his collaboration with you would continue. He expressed much gratification.

4. He went on to say that the President of the Republic had completely endorsed and complimented him on his recent activity at Nyon and Geneva, and adduced as a proof of President of the Republic's regard for him the fact that the President had invited himself to lunch on with him at his hotel on the day of his arrival. This news was expected to be published in the press.

5. The Minister for Foreign Affairs assured me that there had been no quarrel between the President and Ismet. They were on the most friendly terms. Ismet was, however, completely run down, and has asked to be relieved of his burden.

6. The Minister for Foreign Affairs said that he would travel to-morrow to Angora with the President and Iraqi Minister for Foreign Affairs, and would then accompany the President and Ismet to military manœuvres near Aidin.

(Repeated to Athens.)

[E 5994/5994/44] No. 43.

Mr Morgan to Mr Eden. (*Received October 15*)

(No. 585)
Sir, *Istanbul, October 1, 1937.*

I HAVE the honour, with reference to Sir George Clerk's despatch No. 249 of the 21st July 1932, to inform you that the Second Turkish Historical Congress was held at Istanbul from the 19th to the 26th September, 1937.

2. The congress was attended by representatives of Austria, France, Germany, Greece, Hungary, Poland, Roumania, Switzerland, Yugoslavia and the United Kingdom, all being specialists in their particular branch of historical studies, and many being scholars of world wide repute (for example, Professor Dorpfeld of Germany who collaborated with Schliemann in the discovery of Troy). The delegates during their stay in Turkey were the guests of the Turkish Government, and all had their return fares paid. The United Kingdom representatives were Professor J. L. Myres of Oxford, and Professor V. Gordon Childe, of Edinburgh, while Professor Baxter, of St. Andrew's University, also

attended, and Mr. Dixon, second secretary of this Embassy, read a paper before the congress. There was also a numerous attendance of Ministers, high officials, Deputies and schoolmasters and schoolmistresses.

3. The meetings of the congress were held in one of the state rooms at Dolmabahçe Palace, while the great Throne Room was arranged for an exhibition of objects, casts and photographs illustrating art of the ancient East in general and of Anatolia in particular (with a special separate section exemplifying in graphic form the achievements of the Turkish Republic). The papers read by the foreign scholars were of a seriously scientific nature, the only foreign delegate who went out of his way deliberately to flatter Turkish susceptibilities, for example in the matter of their racial history, being Professor Pittard, of Switzerland, whose scientific reputation, I understand, does not stand very high. As the mentor (and perhaps the scientific *âme damnée*) of Bayan Afet he was received on intimate terms at Dolmabahçe and alone of the foreign delegates had the honour of dining with the President of the Republic. Bayan Afet, as you are aware is one of Ataturk's adopted daughters, and as vice president of the Turkish Historical Society has been her father's chief mouthpiece latterly in regard to cultural matters. On the present occasion, in that capacity, she opened the congress with a speech describing the past and projected activities of the Historical Society and lost little by reading a paper (largely the work of Ataturk himself) on the virtues and vices of the Ottoman Empire. Bayan Afet also presided at the two entertainments offered to the delegates at Istanbul (upon the presidential yacht and a farewell banquet at Therapia).

4. Ataturk in person surrounded by his Ministers attended all the afternoon meetings of the congress and followed the proceedings with the closest attention. There is indeed no doubt that he himself has personally inspired not only the present congress, but also the drive which is at present being made in Turkey in cultural matters in general and archæological questions in particular. It is interesting to note that very little mention was made in the course of the proceedings of the congress of the Turkish "sun theory" which occupied the time of the Third Turkish Language Congress last year (see my despatch No. 472 of the 12th September 1936). Ataturk who at one time was much attracted by the possibilities of this theory for stimulating nationalistic feelings at home and advertising Turkey's great past abroad, appears to have been persuaded of its unsoundness from a technical point of view and to have come to realise that the historical past of Anatolia on a purely scientific basis is in reality a better article of cultural export.

5. After the close of the congress some of the delegates left to visit the interior of Anatolia and Troy still as the guests of the Turkish Government. Professors Myres and Childe on their return from Angora, have expressed to me their high appreciation of the hospitality and kindness of their Turkish hosts during their stay in Turkey.

I have, &c.
JAMES MORGAN.

[E 5972/820/44] No. 44

Mr Morgan to Mr Eden (*Received October 14*)

(No. 594 E)
Sir, *Istanbul, October 7, 1937.*

I HAVE the honour, with reference to my despatches Nos. 572 E. and 573 E. of the 25th September, to transmit to you the accompanying copy of a further memorandum by the commercial counsellor of His Majesty's Embassy on the new Turco-German Commercial Agreement.

2. I am sending copies of this despatch to His Majesty's Ambassador at Berlin and to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

Enclosure 1 in No 44

Memorandum

THE attached survey on the recent Turco German Agreement, which has been prepared by the Ottoman Bank, contains certain features which were not referred to in the memorandum transmitted under cover of despatch No. 572 E of the 25th September, for at that date they were not available

(1) The agreement replaces the protocol of the 15th April, 1935, as well as the additional protocol of the 19th May 1936, and its "avenants" (additional clauses)

(2) The payment of all sums arising from commercial exchanges between the two countries will be governed by the clauses of the agreement between the Central Bank and the Reichsbank dated the 15th April, 1935, but under the new agreement a margin of 30 per cent is not allocated to the Turkish Government

It will be observed by reference to the attached memorandum that quotas have been fixed for exports of certain Turkish goods to Germany in order to maintain equilibrium between the payments made each way through the Turco German clearing during the period of the agreement. These quotas (a list of which has already been transmitted under cover of Mr Morgan's despatch No. 572 E of the 25th September) have been calculated on the assumption that German exports to Turkey during the period for which the quotas will be in force will amount to some £T 40 million

In the event of the fixed equilibrium between the two clearing accounts being disturbed at any time measures will be taken to adjust them by modifying the ratio which has been adopted between Turkish exports and German exports, and by applying, if necessary, general limitations to all Turkish exports to Germany

The equilibrium between the two clearing accounts will not be held to be upset so long as exports from Turkey to Germany do not exceed exports from Germany to Turkey by more than

Reichsmarks

2,000,000	in September 1937,
2,000,000	in October
1,500,000	in November,
1,500,000	in December
400,000	in January 1938,
300,000	in February,
300,000	in March that is, by a total of
8,000,000	reichsmarks during the first seven months of the agreement

During the subsequent five months the equilibrium will be considered to be maintained, provided that exports from Germany to Turkey do not exceed those from Turkey to Germany by more than 1,500,000 reichsmarks in each month from April to July 1938, inclusive, or by more than 2 million reichsmarks in August 1938

The quotas fixed for Turkish goods to be exported to Germany are notably lower than the actual quantities of the respective goods exported in 1936, as the following figures show

Article	*Quotas for 1937–38 Reichsmarks*	*Exports 1936 £T*
Raisins	8,612,000	6,167,000
Figs	1,612,000	1,005,000
Hazel nuts	12,088,000	9,700,000
Cotton	4,954,000	6,653,000
Wool	3,605,000	5,026,000
Mohair	4,848,000	5,005,000

The quotas for cereals however are larger than exports of cereals in 1936

The attached memorandum finally suggests that, owing to the delay in obtaining payment for goods shipped banks will be much less willing than last year to finance business with Germany notwithstanding the conclusion of the present agreement.

It is reported that the Central Bank will shortly be authorised to pay to Turkish exporters the sums due to them since the 31st May last. If this is done, it will enable the banks to liquidate their existing liabilities in respect of German trade, and will provide an opportunity of considering whether, and to what extent, the financing of shipments to Germany may again be undertaken

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Enclosure 2 in No 44

Survey of the recent Turco German Agreement

LES journaux ont fait savoir les clauses du nouvel Accord commercial de Clearing intervenu le 30 août dernier entre la Turquie et le Gouvernement allemand

D'après les informations que nous avons puisées auprès du Turkofis, les clauses essentielles de l'accord sont les suivantes

1 L'accord entre en vigueur le 15 septembre 1937 et sera valable jusqu'au 31 août 1938

2 Il remplace le protocole en date du 15 avril 1935 au sujet des échanges de marchandises et des formalités de paiement entre la Turquie et l'Allemagne, ainsi que le protocole additionnel du 19 mai 1936 et ses «avenants»

3 Les créances découlant de l'échange de marchandises seront réglées d'après les clauses de l'accord conclu entre la Banque centrale de la République et la Reichsbank le 15 avril 1935

4 L'introduction en Allemagne de marchandises de provenance turque et l'importation en Turquie de marchandises provenant d'Allemagne restent soumises aux dispositions du régime général des importations en vigueur à ce moment là, dans chacun des deux pays

5 Il a été calculé que les exportations de l'Allemagne vers la Turquie, au cours de la période de l'accord atteindront 40 millions de livres turques, pour assurer l'équilibre des comptes de clearing, des contingents maximums ont été fixés pour les marchandises à expédier de Turquie en Allemagne

6 Au cas où le mouvement des exportations allemandes en Turquie révélerait que l'équilibre susmentionné est menacé, les deux Gouvernements s'entendront pour modifier suivant les exigences de la nouvelle situation, les proportions ayant servi de base à l'établissement des contingents maximums et pour fixer une nouvelle proportion à appliquer uniformément et sans distinction, à tous les produits turcs.

Tant que les différences entre les encaissements et les paiements se rapportant aux échanges commerciaux ne dépasseront pas les sommes indiquées ci-après, le susdit équilibre ne sera pas considéré comme menacé

Les exportations turques vers l'Allemagne pourront être supérieures aux importations allemandes en Turquie :

1937	*Différences. Reichsmarks*
Septembre	2,000,000
Octobre	2,000,000
Novembre	1,500,000
Décembre	1,500,000
1938	
Janvier	400,000
Février	300,000
Mars	300,000
	8,000,000

Par contre, les importations allemandes en Turquie pourront dépasser les exportations turques vers l'Allemagne

1938	*Différences. Marks.*
Avril	1 500,000
Mai	1,500,000
Juin	1,500,000
Juillet	1,500,000
Août	2,000,000

Sur le chiffre de £T 40,000,000 prévu dans l accord comme maximum des exportations annuelles d'un pays vers l'autre une tranche de £T 14,000,000 comportera un équivalent en marks à un taux fixe le reste sera évalué au cours du jour

7 Les marchandises turques pour lesquelles un contingent maximum n'a pas été déterminé pourront librement entrer en Allemagne

8 Les contingents maximums en question pourront être modifiés suivant les exigences de la situation

9. Toute expédition de marchandises d un pays vers l autre comportera l établissement d un certificat d origine composé des exemplaires A et B

Nous joignons à cette note la liste des principaux contingents alloués à l'Allemagne sur les produits turcs pour la période du 15 septembre 1937 au 31 août 1938 On remarquera que ces contingents sont inférieurs pour nos principaux produits d exportation aux quantités exportées en Allemagne durant l année 1936 Ainsi

	Contingent Marks	*Exportations de 1936 £T*
Raisins	8 612,000	6 167,000
Figues	1 612.000	1,005,000
Noisettes	12,686,000	9,700 000
Coton	4,954 000	6 653,000
Laine	3.805,000	5 026,000
Mohair	4.848,000	5,005,000

Par contre, les céréales bénéficient d un contingent supérieur a la valeur des exportations de 1936

Il résulte, cependant, des déclarations faites par une personnalité autorisée, que de sérieuses entraves gênent le commerce extérieur allemand C'est ainsi que l'on doit obligatoirement se munir en Allemagne, d'une licence aussi bien à l'importation qu'à l exportation que des obstacles sont élevés par l'autorité pour décourager l'exportation tant que durera l exécution du plan quadriennal, que les licences d'exportation sont, de préférence, délivrées pour les marchandises destinées aux pays à change libre que des restrictions sont imposées à certaines catégories de produits Aussi, pense-t-on qu'on ne doit pas se laisser séduire par les offres allemandes en apparence avantageuses, mais en réalité préjudiciables par le fait que dans la situation actuelle du Clearing turco-allemand, la contre-valeur des exportations turques pour l' Allemagne ne pourrait être réglée qu'avec un retard de quelque dix mois. La créance actuelle turque sur le Reich est d'environ 27 millions de livres turques, dont 16 millions dus aux commerçants A la cadence de 3 millions de livres turques par mois, chiffre moyen des importations mensuelles allemandes en Turquie, elle ne saurait être remboursée que dans un délai minimum de neuf mois.

Il est de l'intérêt des exportateurs turcs de rechercher de nouveaux débouchés et de ne s'engager que prudemment avec l Allemagne, afin d'éviter que se reproduise la situation en présence de laquelle le commerce d'exportation turc se trouva lors de l arrêt, au début de cette année des avances de la Banque centrale de la République turque aux créances sur l Allemagne

Il leur convient également de se renseigner auprès du Turkofis avant la conclusion de tout contrat de vente de produits contingentés et de subordonner l'exécution ou même la signature de tels contrats à la production d'une copie authentique de la licence d'importation afin d'éviter que des marchandises soient expédiées au delà des contingents convenus et demeurent indéfiniment en

souffrance, dans des ports allemands, dans des conditions qu'il n'est guère possible de surveiller à distance.

Ces premières informations sur le nouvel Accord de Clearing ne sont pas de nature à encourager à financer, comme autrefois, les exportations turques à destination de l'Allemagne. D'après les dernières nouvelles connues, la Banque centrale sera autorisée à rembourser ces jours-ci, par avance aux exportateurs turcs, la contre-valeur de leurs créances sur l'Allemagne provenant des expéditions faites jusqu'au 31 mai dernier. Ce règlement liquidera les engagements actuels des banques avec l'Allemagne. Dès qu'il aura été effectué les banques examineront à nouveau la situation pour décider de la mesure et des conditions dans lesquelles on pourra reprendre le financement des opérations en Clearing allemand

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[E 5973/208/44] No. 45.

Mr Morgan to Mr Eden.—(Received October 14.)

(No. 595 F.)

Sir, *Istanbul, October 8, 1937.*

I HAVE the honour, with reference to Sir Percy Loraine's despatch No. 7 E. of the 4th January, to inform you that a congress of agriculturalists of Central Anatolia was held in Angora on the 3rd October under the patronage of the Minister of Agriculture who was himself personally responsible for convening it.

At the opening ceremony of the congress the Minister of Agriculture, M. Şakir Kesebir, drew the attention of those assembled to the fact that nothing had been done under the old régime in the interests of the peasant classes. This régime he stated was only concerned in levying taxes and in conscription, whereas the Turkish Republic under the leadership of Ataturk was particularly interested in their welfare.

2. In his opening speech M. Şakir Kesebir is reported to have said that the Turkish Government had the question of water supply and hygiene very much at heart and every effort was being made to improve the quality of live-stock and seed. After his declarations an opportunity was given to those present to submit their desiderata and recommendations, and at the conclusion of a banquet given in honour of the occasion, the congress discussed a number of matters of an agricultural nature, such as water supply, irrigation, drought and live stock.

3. Agriculture was also the subject of a leading article by Yunus Nadi in the *République* of the 2nd October. After pointing out that it was only in the execution of their industrialisation programme that the Turkish nation had begun to realise by bitter experience the necessity for the introduction of modern methods of production if their goods were to reach as they were capable of reaching a high standard of quality he described agriculture, in which three-quarters of the population of Turkey are occupied, as the basis of the economic structure of Turkey, and said that it was impossible to contemplate the successful economic development of the country until the condition of the agricultural industry had been improved. The time had come for serious programmes of reform to be prepared, and the task would not be a difficult one, the peasants knew how to treat their land and all that was necessary was to provide them with the means to do so by modern methods.

4. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

[E 5978/128/44] No. 46.

Mr Morgan to Mr Eden. (Received October 14.)

(No. 602 E.)

Sir, *Istanbul, October 9, 1937.*

I HAVE the honour, with reference to your telegram No. 45 of the 16th September and previous correspondence in regard to the proposed addition of hemp-seed and other substances to the fourth schedule attached to the Anglo-

Turkish Commercial and Clearing Agreement of the 2nd September, 1936, to inform you that the exchange of notes to this purpose was effected at the Turkish Ministry of Foreign Affairs on the 7th October and to transmit to you herewith the Turkish note in original with a certified copy of the note from His Majesty's Embassy

2. It will be observed that the Embassy note, which was phrased in the form approved by your telegram under reference, was addressed (at the request of the Ministry for Foreign Affairs) to the Turkish Ministry for Foreign Affairs and signed by myself as Chargé d'Affaires. The Turkish note was signed by the Parliamentary Under Secretary of State for Foreign Affairs.

3. I am sending a copy of this despatch to the Department of Overseas Trade

I have, &c.
JAMES MORGAN

Enclosure 1 in No. 46

Mr Morgan to the Turkish Minister for Foreign Affairs

M. le Ministre, *Istanbul, October 7, 1937*

IN accordance with instructions from His Majesty's Principal Secretary of State for Foreign Affairs I have the honour to inform your Excellency that His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland propose the addition of the following goods to the fourth schedule attached to the Anglo-Turkish Agreement of the 2nd September 1936 respecting trade and clearing, viz.

Hemp-seed linseed bran pollard sharps middlings wheat flour

It is understood that this addition, which shall take effect as from the 17th September, 1936, shall be governed by the provisions of the Anglo-Turkish Agreement of the 2nd September, 1936 respecting trade and clearing

I have &c.
JAMES MORGAN

Enclosure 2 in No. 46.

M. Menemençioglu to Mr Morgan.

M. le Chargé d'Affaires, *Ankara, le 7 octobre 1937.*

J'AI eu l'honneur de recevoir la note en date du 7 octobre 1937 ainsi conçue :—

" M. le Ministre

' Conformément aux instructions reçues du principal Secrétaire d'État de Sa Majesté pour les Affaires étrangères, j'ai l'honneur de faire savoir à votre Excellence que le Gouvernement de Sa Majesté dans le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord propose l'addition des marchandises suivantes à la liste 4 annexée à l'Accord anglo-turc de Commerce et de Clearing, en date du 2 septembre 1936, à savoir :—

' Chènevis linette, son, recoupe, repasse (' sharps and middlings '), farine de blé.

" Il va sans dire que cette adjonction, qui aura effet à partir du 17 septembre 1936, sera régie par les dispositions de l'Accord de Commerce et de Clearing anglo-turc du 2 septembre 1936

" Veuillez agréer &c. "

J'ai l'honneur de vous communiquer que le Gouvernement de la République se déclare d'accord sur la teneur de cette note

Veuillez agréer, &c.
N. MENEMENÇIOGLU

[E 6137/264/44] No. 47

Sir G. Ogilvie-Forbes to Mr Eden (Received October 22.)

(No. 620. Saving.)
(Telegraphic.) *En clair* *Berlin, October 20, 1937*

THE *Berliner Tageblatt* of 20th October has a short leading article protesting against an article in the Constantinople *Tan*, which is alleged to be insulting to Dr. Goebbels and to the activities of the Nazi party in foreign countries.

In the course of this article the *Berliner Tageblatt* says :—

" It cannot be overlooked any longer that a great part of the Turkish press has for a long time deserted the old friendship for Germany born of the time when the two countries were brothers in arms during the war, and has of late adopted an attitude of perpetual hostility to Germany ever since the English after the Dardanelles Conference succeeded in their efforts to recover their influence. The causes of this state of affairs are so obvious that one need not be unduly impressed by it. But it is impossible to ignore the facts."

(Repeated to Constantinople.)

[E 6293/128/44] No. 48

Sir P. Loraine to Mr Eden (Received October 25.)

(No. 145.)
(Telegraphic.) *Angora October 25, 1937*

SIR L. OLIPHANT'S letter to me of 14th October and Mr. Rendel's letter of same date.

I have ascertained from Minister for Foreign Affairs, whom I sounded unofficially, that a visit to Turkey in November as projected by Mr. Waley and Mr. Nixon would be entirely agreeable to Turkish Government.

I did not at this stage indicate any particulars of subjects for discussion, confining myself to saying that visit would be quite unofficial, that neither of these British officials would have any proposals to make, that no question of any negotiation arose, and that purpose was to enable them both to acquire first hand knowledge of the situation and conditions in Turkey in which their respective departments are interested and to make personal contacts with appropriate Turkish personalities.

Minister for Foreign Affairs said they would be very welcome indeed and that all facilities would be given.

As regards dates, the only thing I would deprecate is their presence in Angora coinciding with that of Italian Minister for Foreign Affairs. As you will learn, however, from my telegram No. 140, there is quite a possibility that Count Ciano's visit will be postponed. If it is, dates convenient to Waley and Nixon will almost certainly be acceptable here.

[E 6335/16/44] No. 49

Mr Morgan to Mr Eden.—(Received October 28.)

(No. 611 E.)
Sir, *Angora October 16, 1937*

I HAVE the honour, with reference to my despatch No. 544 E. of the 9th September, regarding the establishment of factories under the Turkish first Five-Year Plan, to inform you that the textile factory at Nazilli was opened on the 9th October by the President of the Republic in person, accompanied by the Prime Minister, the Acting Prime Minister, and a number of Cabinet Ministers and Deputies.

2. The inaugural speech was delivered by M. Celal Bayar who is reported to have described the place which the factory would take in the Turkish industrial

programme, and of the valuable collaboration of the Turkestroy in the realisation of that programme.

3. I am sending copies of this despatch to His Majesty's Ambassador at Moscow and to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN

[E 6842/620/44] No. 50.

Mr Morgan to Mr Eden.—(Received October 28.)

(No. 624 E. Confidential.)

Sir, *Angora, October 22, 1937.*

I HAVE the honour, with reference to my despatch No. 594 E. of the 7th October, to transmit to you the accompanying copies,(1) in French and German, of the original text of the new Turco-German Agreement on Commercial Exchanges and Payments, signed at Berlin on the 30th August 1937, which have been furnished to the commercial counsellor of His Majesty's Embassy from a confidential source. It will be seen that the agreement was signed in German, French and Turkish, but I have not yet been able to obtain a copy of the Turkish text. The text of the protocol of the 31st July referred to in article 3, and list No. 2 mentioned in the second paragraph of article 3 (3), are not included in the enclosed text.

2. There is little comment that I can usefully add to the information on the subject already communicated to you in my despatches Nos. 572 E. and 573 E. of the 25th September and in my despatch under reference. Colonel Woods observes, however, that there are three points which were not known when the memorandum transmitted under cover of the latter despatch was prepared, namely:

(*a*) Article 3 (4). In the event of the protocol of the 31st July, 1937 (of which the text is not available), not giving satisfactory results, the percentage reduction of German exports to Turkey will be revised in order to accelerate the liquidation of arrears.

(*b*) Article 4. The obligation undertaken by the Reichsbank in articles 4 and 9 of the Clearing Agreement of the 15th April 1935 (which formed the enclosure in Sir Percy Loraine's despatch No. 139 E. of the 18th March 1936), to convert the moneys lying in accounts "A" "B" and "C" to the credit of the Central Bank of Turkey into foreign currencies, shall be limited, from the coming into force of the present agreement, to a maximum of £T. 14 million.

(*c*) Article 7. The letter of the 19th May, 1936 concerning article 9 of the Commercial Agreement of the 27th May, 1930, shall continue in force. (His Majesty's Embassy has no knowledge of the letter referred to.)

3. I am sending copies of this despatch to His Majesty's Ambassador at Berlin and to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN

(1) Not printed.

[E 6453/468/44] No. 51.

Sir P. Loraine to Mr Eden. (Received November 1.)

(No. 22. Saving.)

(Telegraphic.) *Angora, October 26, 1937.*

MR MORGAN'S telegram No. 112 from Istanbul.

When I saw Turkish Minister for Foreign Affairs yesterday afternoon he confirmed most categorically assurance that retirement of Ismet Inonu and consequent changes in the Cabinet signified no change whatsoever in Turkish foreign policy, orientation of which had been laid down by Ataturk, and in execution of which he had been (and I infer will remain) principal instrument. Team would carry on as before under chief guidance of Ataturk, and Ismet's

support of new Government, composition of which will probably be announced within twenty four hours, was already and entirely assured.

There had been neither quarrels nor any kind of incident, feeling between all leaders of the country were friendly and cordial as heretofore. There had been one divergence of view, but that had concerned him himself and not Ismet. A group of Deputies and some members of the Cabinet had considered engagements which he, Dr. Aras, had accepted at Nyon went beyond his mandate and prescribed policy. His action had, however, been supported by Ataturk and approved by Ismet, and matter had been settled satisfactorily so far as concerned the United Kingdom and France, by a letter (which is not to be published) which he handed to M. Delbos at Geneva and of which I understand you are cognisant, *vis-a-vis* Cabinet and Grand National Assembly by explanations given in Cabinet which resulted in ratification of his conduct by the Assembly. I am myself disposed to accept statement that there had been no quarrels and no serious differences of opinion but I fancy that matters have been so arranged that there should be none. I surmise that root cause of Ismet's retirement lies in irresistible instinct of Ataturk to show that no man is indispensable to the country except himself. In view, however, of Ataturk's experience, his almost uncanny foresight and his accurate reading of the pulse of the country, I consider it most unlikely that he gave rein to this instinct without serious and to him convincing reasons. I would conjecture his reasoning to be roughly as follows.

Ismet has been in office continuously for thirteen years, he is an overstrained man and a rest will do him good; moment is a safe one to give him a rest: in the last few years three questions of first class importance in Turkey's external relations have been settled, (i) a firm Anglo Turkish friendship had been created, (ii) Straits question has been regulated to Turkey's satisfaction, (iii) difficulty about Alexandretta Sanjak has been solved. Supposing Ismet carried on for another five years, he would probably be worn out and there would be nobody training on to take his place: if Celal Bayar does not succeed or future shows that a stronger hand than his is needed, there will be a rested and rejuvenated Ismet to bring back again to office.

Lastly, but this is realm of pure speculation, I erse Ismet for presidency of republic in case of Ataturk's death, for his prestige is unchanged and his transition to office of President of the Republic would be easier and more natural from the ranks of elder statesmen than from the office chair of Prime Minister.

Present change most probably implies a more direct control by Ataturk over conduct of public affairs than has recently been the case. If so, it means a halt in the advance towards purer constitutionalism and something of a reversion to personal Government. On the other hand, if machine of Government can continue to be conducted to public satisfaction without help and guidance of Ismet, who has played such a prominent and highly distinguished rôle in regeneration of this country, effect may be also to demonstrate stability of republican régime and to enhance prospects of its continuance without undue shock or disturbance on the eventual decease of its great founder Ataturk.

[E 6486/468/44] No. 52.

Sir P. Loraine to Mr Eden (Received November 1.)

(No. 23. Saving.)

(Telegraphic.) *En clair.* *Angora, October 26, 1937.*

MY telegram No. 149 of 26th October. Constitution of new Cabinet.

Following is the list of newly constituted Cabinet:—

President of the Council: M. Celal Bayar.
Justice: M. Şukrü Saracoğlu.
National Defence: General Kâzım Özalp.
Interior: M. Şukru Kaya.
Foreign Affairs: Dr. T. R. Aras.
Finance: M. Fuat Agrali.
Education: M. Saffet Arikan.
Public Works: M. Ali Çetinkaya.
National Economy and (provisionally) Agriculture: M. Sakir Kesebir.
Health and Social Assistance: Dr. Hulusi Alatas.
Customs and Monopolies: M. Rana Tarhan.

The Parliamentary Under Secretaries of State are as follows :-

Justice M Salaheddin Yarga.
National Defence M Necip Ali Küçüka.
Interior M Abdulmuttalip Öker
Foreign Affairs M Numan Menemencioğlu.
Finance M Faik Baysal
Education M Nafi Atuf Kansu.
Public Works M Sirri Day
National Economy M Ali Riza Türel.
Agriculture M Riza Erten and M Tahsin Coskun

(Latter's appointment was reported in Mr Morgan's despatch No. 351 of 15th June)

No appointment has yet been announced to the post of Parliamentary Under-Secretary for Health, vacated by Dr Hulusi Alatas on his promotion to the Cabinet Biography of Dr Alatas follows by despatch

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[E 6517 466 44] No. 53

Sir P Loraine to Mr Eden (Received November 5)

(No 639.)

HIS Majesty's representative in Turkey presents his compliments to His Majesty's Secretary of State for Foreign Affairs and, with reference to Embassy telegram No 23 Saving, of the 26th October has the honour to transmit herewith copy of a memorandum from the Turkish Ministry for Foreign Affairs respecting the new Turkish Cabinet

Angora, October 30 1937

Enclosure in No 53

Memorandum from the Turkish Ministry for Foreign Affairs

LE Ministère des Affaires etrangeres a l'honneur d'informer les Missions diplomatiques accreditées a Ankara qu'a la suite de la demission du General Ismet Inonü Depute de Malatya le President de la Republique a charge M Celal Bayar, Député d'Izmir de former le nouveau Cabinet qui vient d'être constitue comme suit

Président du Conseil Celal Bayar, Député d'Izmir
Défense nationale Général Kâzim Ozalp, Député de Balikesir
Justice Sukra Saracoglu, Député d'Izmir
Intérieur Şukrü Kaya Député de Mugla
Affaires etrangères Dr Tevfik Rüştu Aras, Député d'Izmir
Finances Fuad Agrali Député d'Elazig
Instruction publique Saffet Arikan, Deputé d'Erzincan
Travaux publics Ali Çetinkaya, Député d'Afyon Karahisar
Economie nationale et Agriculture *ad interim* Şakir Kesebir, Député de Tekirdag
Hygiène et Assistance sociale Dr Hulusi Alatas, Député d'Aydin
Douanes et Monopoles Rana Tarhan, Député d'Istanbul

Sous-Secrétaires d'Etat parlementaires

Justice Salaheddin Yargi, Député de Kocaeli
Défense nationale Necip Ali Küçüka, Député de Denizli
Intérieur Abdulmuttalip Öker, Deputé de Malatya.
Affaires etrangères Numan Menemencioglu, Député de Gazi Antep
Finances Faik Baysal Depute de Kayseri
Instruction publique Nafi Atuf Kansu, Député d Erzurum
Travaux publics Sirri Day, Député de Trabzon
Economie nationale Ali Riza Türel Depute de Konya.
Agriculture Riza Erten, Député de Mardin
Agriculture Tahsin Coşkan, Deputé de Kastamonu

Ankara, le 27 octobre 1937

(Sceau)

[E 6647/466/44] No 54.

Sir P Loraine to Mr Eden (Received November 11)

(No 642)

Sir, *Angora, November* 1, 1937

THE requirements of His Majesty's service have once again rendered it necessary for me to sit up the whole night with the President of the Turkish Republic I have the honour to submit the following account of the circumstances

2 The occasion was on the 29th October, the fourteenth anniversary of the foundation of the Turkish Republic and of the Kemalist regime A reception, to which 4,000 guests, including the diplomatic missions, had been bidden, was held by the People's party, of which M Kemal Ataturk is the President, in the recently constructed and spacious permanent Exhibition Building One large room was reserved for the President and for the Diplomatic Body, as, however, the right wore on and the diplomatic attendance thinned by the retirement to bed of those who were in a position discreetly to withdraw, many other persons came into the room and most of them were obviously straining their ears to hear the conversation that took place between the President of the Republic and the guests at a Turkish Ministers whom he had summoned into his own circle

3 This room the President entered at about 11 30 P M , his Excellency went round greeting the heads of missions and the members and ladies of their staffs, and he then sent messages to certain persons including me myself, by his secretary general to join him at his table At the far end of the room a circle of comfortable armchairs was arranged, the centre being occupied by the President, the Roumanian Prime Minister being seated on his right and I on his left In front of His Excellency was a large low table laden with various types of liquid refreshment, on the further side of that table were placed three straight backed chairs, strangely resembling stools of penitence, which, in due course were occupied by the Turkish Prime Minister, the French Ambassador and the Turkish Minister for Foreign Affairs in that order The Iranian Minister for Foreign Affairs and Marshal Fevzi Cakmak, chief of the Turkish General Staff, were throughout members of this party but they took no part in any of the discussions that were held The Afghan Ambassador (dean of the Diplomatic Body) was seated on my left but found it possible to withdraw at a fairly reasonable hour Later on the ring was joined at the President's bidding, by the American military attache the Turkish Minister in Athens, and the Greek and Yugoslav Chiefs of Staff I should add that the French Ambassador was not summoned to join the circle until two hours after its formation

4 It was after 7 A M that the President of the Republic rose from his seat and that his remaining guests were able to disperse Throughout the night a wide choice of alcoholic beverages was on offer to the guests, but nothing to eat except a variety of pistachio and other small nuts.

5 As on previous similar occasions, it was observable that the President's audience was carefully selected by him for the purpose of the subjects of conversation, which he had previously made up his mind to treat There could be no doubt, for instance that by placing me on his left, by constantly referring to me for my personal opinion on various subjects that he raised, and by unmistakable marks of personal regard, he wished to emphasise the excellence of Turkish relations with the United Kingdom, and the great value which he attaches to those relations

6 M Kemal Ataturk's method of presiding over a gathering of this kind is peculiar to himself He is prone to enunciate some general principle, *e g* , that strong States are a safeguard of peace and weak ones a danger and then to ask one or more of his listeners for their personal opinion on the subject At frequent intervals he will stop at a word an historical allusion, or an archæological datum, in order to expound his rather bewildering theories of philological historical and archæological subjects, with the always latent and frequently expressed implication that the Turkish race and its language are the real sources of civilisation

7 It would not I think, be useful to record these generalisations The particular subjects of interest treated during the seven hours' session of this peculiar conclave were the relations between the Balkan *Entente* and Little *Entente* Franco Turkish relations with especial reference to the desirability of

a speedy liquidation of the difficulties that had arisen out of the Alexandretta Sanjak question, and the necessity for all peace-loving States not only to strengthen their defence forces but also to cultivate a solidarity of view and manifest in the conduct of their policies a community of interest in such manner that their latent collective strength must necessarily give pause to the strongest would-be disturber of the peace of the world

8. It is probably not necessary to develop more fully the last-named subject. You are already so well aware from your contacts with Turkish statesmen, and from the reports of conversations with those statesmen here that it has been my privilege to address to you from time to time, of the general Turkish view in this regard which *mutatis mutandis* does not differ materially from that held by His Majesty's Government

9. As regards the two first-named subjects it will be more convenient to address to you separate reports as other conversations which I have had with different persons during the festivities that have marked the visits of the Iranian Minister for Foreign Affairs of the Roumanian Prime Minister, and the anniversary of the Turkish Republic have shed additional light on them

I have, &c
PERCY LORAINE

[E 6634/386/44] No 55

Sir P Loraine to Mr Eden — (Received November 11)

(No 645 Confidential)

Sir, *Angora, November 2 1937*

IN my telegram No 8 Saving, of the 26th July 1937, I had the honour to acquaint you with the account given me by the Turkish Minister for Foreign Affairs of the visit which he made last summer to Moscow in company with his colleague the Minister of the Interior and you will remember that although the visit was regarded as having been successful in smoothing over some misunderstandings and publicly reaffirming the solidarity of Turco-Russian friendship, Dr Aras warned me in confidence that a slight rift had nevertheless appeared in that friendship partly due to the fact that M Stalin had failed to receive him himself and M Sukru Kaya, notwithstanding an undertaking by the Soviet Ambassador here (of which I have since learnt) that they would be so received, and partly to the determination of the Turkish Government not to accept any extensions, explicit or implicit, of their signed and public obligations to Russia.

2. Since my return from leave a week ago certain circumstances have come to my notice which point pretty clearly to a widening of the rift to which Dr Aras had drawn my attention The President of the Republic I learn, is resentful of the treatment of various prominent Soviet citizens who have come to Turkey in various capacities in recent years M Karakhan, for instance, the successor of M Souritz as Soviet Ambassador at Angora in 1934 who had previously been in Turkey on a special Soviet mission, in whom M Kemal Ataturk had been invited to place the utmost confidence and to whom the President had, indeed, shown marks of especial favour admitting him to a personal intimacy unusual with foreign Ambassadors at this post, is in disgrace and in prison, and maybe even under threat of execution It is not impossible, moreover that M Karakhan, if still alive owes his existence to discreet representations, with which I was not long ago acquainted by Dr Aras, in the strictest confidence, made by the Turkish Government in Moscow to the effect that M Karakhan's execution could not fail to make a disagreeable impression on M Ataturk's mind

3. M Karsky, appointed in May 1937 to succeed M Karakhan arrived in Angora in the spring of this year, returned to Moscow only about a fortnight later will not come back again to Angora and is equally in disgrace

4. Marshal Toukhachevsky and M Bonbnov who accompanied Marshal Voroshilov on the special mission sent by the Soviet Government to attend four years ago the celebration of the tenth anniversary of the foundation of the Turkish Republic a mission which was received with great rejoicing and marked cordiality in this capital have both been deprived of their office, branded as enemies of the present Soviet régime and the former has been shot

5. Thus, as M Ataturk has not unreasonably pointed out to his advisers and intimates, one after another the Russians coming to this country, whether officially accredited or not, who are recommended to him as persons deserving his entire confidence and esteem, are disgraced or executed as persons inimical to the very Government which entrusted them with these missions. In whom, therefore, can he trust?

6. M Horace Salkind, who, since my arrival in this post, has been counsellor of the Soviet Embassy and Chargé d'Affaires during the absences on leave, or for other reasons, of his chiefs, has always appeared until quite recently a *persona gratissima* to the Turkish Government and to the President of the Republic. During the festivities of the past week both I and many other persons have not failed to notice the difference in the Turkish attitude towards M Salkind Hitherto when at a public gathering a circle has been formed round M Ataturk, the Soviet Ambassador, or Chargé d'Affaires, as the case might be, has always been a natural, and one might indeed say an inevitable, ingredient of the company Last Friday night, when a similar circle was formed on the occasion of the fourteenth anniversary of the republic M Salkind was not invited to join the group and himself looked obviously diffident about approaching it without a specific invitation Even less than a year ago he would have joined it without invitation and as a matter of course

7. I fancy also that the Russian attitude in the Non-Intervention Committee in London and periodical suggestions, or even complaints, from Moscow that Turkish friendship and solidarity with Russia are lagging behind expectations have likewise contributed to a distinct cooling off in the relations between Angora and Moscow

8. I foresee clearly and I do not think I am likely to be mistaken that M Ataturk having brought about the retirement of Ismet Inonu and having replaced him with a Prime Minister who has had little or no experience in the handling of foreign affairs, intends to act (for the immediate future at all events) as his own Foreign Minister using, of course, Dr Aras as the instrument of his foreign policy There are therefore grounds for believing that little or no attempt will be made from the Turkish side to close the rift with Moscow M Ataturk is as you know a downright as well as a determined character he has no disposition at all to compromise and still less so to keep up polite fictions There therefore seems to be a distinct likelihood that Turco-Russian relations will deteriorate yet further

9. On the other hand, M Ataturk's predilection for the United Kingdom and for things British continues to grow and is openly expressed

10. No doubt in certain quarters we are already reproached with having deliberately undermined Turco Russian friendship Should we come to incur that reproach we can at least have the satisfaction of knowing that it is utterly unfounded and that our Turkish friends realise its complete lack of foundation as clearly and pertinently as we do

11. I am sending a copy of this despatch to His Majesty's Ambassador at Moscow

I have, &c
P LORAINE

[E 6657/15/44] No 56

Sir P Loraine to Mr Eden — (Received November 11)

(No 650)

HIS Majesty's representative in Turkey presents his compliments to His Majesty's Secretary of State for Foreign Affairs and with reference to Angora despatch No 650 of the 4th November 1937 has the honour to transmit herewith copy of despatch No 6/37 from His Majesty's air attaché to this Embassy dated the 1st November 1936 reporting on the aircraft participating in the review of the Turkish National Independence day

Angora, November 4 1937

Enclosure in No 56

Wing Commander Elmhirst to Sir P. Loraine

(No. 6/37)

Sir, *Angora, November* 1, 1937

I HAVE the honour to state that on the 29th October the Turkish National Independence day and on the day previous, I had opportunities to see the greater part of the Turkish air force, both on the ground and in the air, and to form some idea of the flying capabilities of Turkish pilots. I was also able to converse with most of the senior officers of the air force.

2. On the 28th October, the day previous to the review, I presumed that the aircraft taking part would be concentrated at the Angora Civil Air Port, 6½ miles west of the town, and at the new Air League aerodrome, Ergazi (or Etimesgut) 9½ miles west of the town. As the main road passes through the first of these aerodromes and borders the second I paid visits by car both in the morning and afternoon and was able to count the aircraft which were all parked in the open and to watch landings and take-offs.

3. With regard to the strength of the air force. Parked in the open at these two aerodromes were:

Service First Line Aircraft —

30 P.Z.L. 24 modern Polish fighter aircraft, new in Turkey January 1937.
16 Curtiss Hawk modern U.S.A. fighter aircraft new in Turkey in 1934-35.
4 Heinkel 111 modern German twin-engined bomber aircraft new in Turkey in September-October 1937.
4 Martin 139W modern U.S.A. twin-engined bomber aircraft, new in Turkey in September-October 1937.
32 Breguet 19 B.2 and 19 T.—old French bomber reconnaissance aircraft new in Turkey in 1928-29.
10 Smolik—old Czech reconnaissance aircraft new in Turkey in 1925-26.

Service Training Aircraft

6 Focke Wulf "Weihe" modern German twin-engined dual monoplane aircraft new in Turkey August 1937.
6 Curtiss "Fledgling"—single-engined dual bi-plane aircraft.
26 Gotha—single-engined dual bi-plane aircraft.

4. These numbers total ninety-six first line aircraft and thirty-eight training aircraft and from them it is possible to arrive at an approximate accurate figure of the first line strength of the Turkish air force. The permanent bases of the Turkish air force are Eskisehir, Izmir and Diyarbekir. I heard in conversation that all aircraft, other than flying boats, capable of taking the air had left Izmir and Eskisehir. This only leaves Diyarbekir where, I believe, normally some twenty Breguet aircraft are stationed. I was unable to ascertain whether all the Diyarbekir aircraft were present but from conversations I am inclined to think that half of them only were at Angora. If this is so the whole of the first line strength of the Turkish air force was present with the exception of one squadron of ten Breguet aircraft left behind at Diyarbekir and three Southampton flying-boats at Izmir. The total figure is thus forty-six modern fighter aircraft, eight modern bombers, and fifty-two bomber reconnaissance aircraft and three flying boats, 109 in all.

5. At the review by the President on the afternoon of the 29th October, the following aircraft took part in the fly past: ninety-two first line and thirty-one training aircraft of the Turkish air force. Four De Havillands of the State Civil Air Lines, and three Civil Air League aircraft (towing between them six gliders). The four air liners after flying past climbed to some 2,000 feet and twenty-one parachutists leapt from them and made safe landings.

6. The fly past was led by the President's adopted daughter Sabiha Gokcen, who flew a Breguet aircraft. She was followed by successive flights of five aircraft in the case of reconnaissance and training aircraft, four aircraft in the case of modern bombers and seven aircraft in the case of fighters. Straight formation flying was all that was shown other than two exceptional items, five

instructional aircraft came by tied together and the six gliders were slipped from their towing aircraft and glided down to a landing ground behind the parade grand stand.

7. The standard of flying training (as apart from operational training) and staff organisation of the Royal air force is judged by the casual observer at the annual display at Hendon. The fly past of the air force in front of the Turkish President on the 29th October is presumably the best occasion for making a similar judgment in Turkey. On this occasion nothing spectacular was attempted although weather conditions were excellent, no wind, no clouds, no bumps and maximum visibility, but I think the Turks can be congratulated on some points. The timing of the fly past was good. Ten different types of aircraft formations flew by with very varying speed ranges, but there was no hold up and the intervals between formations was never more than one or two minutes. As regards the formation flying, that of the Breguet flights was inclined to be ragged, presumably being the oldest aircraft they were flown by the most inexperienced pilots. The ten Smoliks a Smyrna squadron, were the best, they came by in "flights astern" formation and their spacing was exact. The fighter aircraft came by in "flights astern," seven aircraft in each flight. They came by at a fast speed and very well together. The P.Z.L. fighters are high wing monoplanes with a poor pilot's view and I think their performance was specially creditable.

8. Perhaps the most creditable performance was that of the twin engined monoplane aircraft, the four Martins, four Heinkels and six Focke Wulfs. At the beginning of September the Turks had no duty twin engined aircraft and no monoplane bombers and no aircraft with retractable undercarriages. Within the five weeks prior to the review they have put fourteen of these aircraft into commission and flew by in good formations of four, four and six. It should be said that the fourth Martin bomber carried out its first test flight the day before and was flown past by the American test pilot.

9. If the fly past is looked at from the point of view of what was not attempted, it can be said at once that no aerobatics were shown, no change of formation was made in the air and formations could only be seen flying straight, they were out of sight before an attempt was made to turn in formation.

10. I formed some impressions from what I saw at the aerodromes the day before the review. I consider that the P.Z.L. is not an easy aircraft to fly even for good pilots. There happened to be no wind and the speed of landing had to be fast and the pilots touch exceedingly light. I did not see any attempt to land these aircraft in formation while the Curtiss Hawk fighters were landed in formations of three. With regard to the appearance of the aircraft on the ground I think the Turks deserve every congratulation. I passed within ten yards of forty of their old reconnaissance aircraft and was surprised at their remarkably smart appearance. Most of these aircraft must have been in service for eight years.

11. In conclusion, as a result of what I have seen previously and saw in the two days under review, I think I can say truly that the Turkish nation can produce good pilots, that their initial flying training is good and their maintenance of aircraft goods. Their staff work is good and the morale of the air force is high. On the other hand their numbers are very small and I do not think that the higher command know how to make the best use of the air force. Again I am not in a position to judge the bombing and air fighting capabilities of pilots.

12. As a matter of interest I have asked your military attaché, who is accredited to Sofia and Athens and who has recently watched manœuvres in Bulgaria and Greece, and Turkey as well, what he considers the relative value of the air forces of the three countries. His opinion is that the Turkish air force is very superior in organisation and apparent fighting efficiency to either of the other two.

13. The evening after the parade, I was present at the ball given by the People's party, to which some 3,000 guests were invited including all the Turkish air force officers who had taken part in the fly past. At this party I was sent for by the President but unfortunately owing to the crowded state of the ballroom I was not found until half an hour later, when the opportunity of approaching Ataturk had passed. I had however many talks with Turkish air force officers and was also approached by a deputation of two young flying officers

to know if my wife and I would come and drink with a party of some twelve air force officers, including the two senior colonels This invitation we gladly accepted The President's adopted daughter, with an escort of three air force officers also approached me and I was able to congratulate her on the honour of leading the fly past

14. I propose sending a copy of this despatch direct to the Air Ministry and handing one to your military attaché

I have &c
T W ELMHIRST,
Air Attaché

[E 6659 1117/34] No 57

Sir P Loraine to Mr Eden (*Received November* 11)

(No. 661)

Sir, *Angora, November* 4, 1937.

I HAVE the honour to inform you that the Iranian Minister for Foreign Affairs arrived in Turkey on an official visit as the guest of the Turkish Government on the 21st October After two days in Istanbul, M Samy proceeded to Angora, arriving on the 24th, and the customary series of exchanges of visits and receptions including an interview with the President of the Republic, took place during the following three days

2 In a statement to the press on his arrival at Istanbul M Samy is reported to have declared that as all contentious questions which had existed between Turkey and Iran were now completely settled he had no matter of special interest to discuss at Angora and that he wished only to pass a few days of cordial intimacy with his friends in the Turkish capital Indeed, when the customary formalities had been completed, M Samy was glad to fall in with a suggestion of the Turkish Government that he should extend his visit a further week, in the course of which he paid informal visits to a number of institutions, and was able to take part in the celebrations of the 29th October, as you will be aware from my despatch No. 642 of the 1st November

3 A copy of an official communiqué issued on the 1st November recording the satisfactory state of Turco Iranian relations, is enclosed herein (1)

4 M Samy finally left Angora on the evening of the 1st November His arrival aroused little enthusiasm in the press and the later stages of his visit passed almost unnoticed The fact that M Samy's visit coincided in part both with the visit of General Metaxas and that of M Tatarescu, and also with the presence in Angora of the Chiefs of the Balkan General Staffs the formation of a new Cabinet and the excitements of the national festival no doubt accounts for the rather unusual lack of interest taken in a distinguished foreign visitor

5 I am sending a copy of this despatch to His Majesty's Minister at Tehran

I have, &c
PERCY LORAINE.

(1) Not printed

[E 6661/466/44] No 58

Sir P Loraine to Mr Eden (*Received November* 11)

(No. 663)

Sir, *Angora, November* 5, 1937.

I HAVE the honour to inform you that the annual opening of the Grand National Assembly or Kamutay, as it is called, took place on the 1st November On this occasion the President of the Republic delivered a speech, a French translation of which I enclose herewith ( )

2. M Kemal Ataturk began by saying that the Republican Government would look no obstacle that would prevent the nation attaining the degree of civilisation and happiness that it deserved and gave as an instance of the Government's determination in this respect the crushing of the Kurdish revolt in the

( ) Not printed

Province of Tunceli (formerly Dersim) The Government, however, he added, must not rule only by force, it must gain the goodwill of its citizens by its benevolence and care for their well-being Officials, particularly must bear this in mind and must be always easy of access and obliging Municipalities and public departments must be given wider powers Special attention must be paid to the health of the nation Immigration in conformity with Turkey's social and economic aims, must continue Laws affecting personal security and rights must be easy to understand and capable of quick application Laws relating to commerce by land or sea, must be brought up to date

3. Passing to Turkey's economic life, the President expressed his views under the following heads —

Agriculture Agriculture was the basis of Turkey's economic life, and the Government's aim was to take care of the agricultural producer—to improve both producer and produce The Government must see to it that each cultivator of the earth owned land, that small farms should not be cut up, that there were at least two horses to each farmhouse, that the most modern agricultural machinery was available everywhere that iron ploughs and communal threshing machines were generalised, that the number of model farms and local agricultural institutes was increased and that Turkey's agricultural products should be as abundant and as fine as possible

Commerce The aim of Turkey in regard to her foreign trade was the production of a trade balance favourable to Turkey Her aims at home were to organise standardise and rationalise trade The movement would, in general be free from Government interference, but exporters and goods for export, would be subject to Government control

Industry The industrialisation of the country was a national task of the first importance Its primary object was to improve the country's potentialities of defence The first five-year plan must be rapidly completed and the execution of the second must be begun New legislation must be passed laying down the methods of financial control of industrial companies receiving all or part of their capital from the State Customs tariffs must be adjusted Small industrial concerns and skilled workmen must be able to obtain credit Particular attention must be paid to mining as mineral products enabled Turkey to pay foreign debts, and to obtain foreign currency A three-year mining plan would have to be elaborated The output of coal must rapidly be doubled The iron mine found at Divriki must be worked as soon as possible so as to feed the Karabuk works. Harbours and shipping must be developed, and the shipbuilding industry must be revived The fishing industry must be organised a Maritime Bank must be formed and a race of sailors created

Communications Turkey must push on with the policy of railway construction The Black Sea coal field has now been connected by rail with the interior In the east the line would soon reach Erzincan With the exception of a section of railway in the south running to Nuseybin, all railways in Turkey now belonged to the State Road construction was eminently desirable, as also was the establishment of air services between all the larger towns, and the linking up of Turkish air services with international lines.

Finance - The budgets of the Republican régime not only balance, but are distinguished by the ever increasing amounts allotted to constructive and productive activities and to national defence. The 1936 budget had closed with a surplus of £T 22 million over estimates. It seemed as though the budget of 1937 would close even more favourably Turkish monetary stability was safeguarded in the most absolute fashion It was based on a truthful budget and on a real balance of payments. Turkey met her financial engagements punctually, and thus consolidated the nation's credit Taxation was being diminished without disturbing the balance of the budget If possible, no new taxation should be imposed, and raw materials not produced in Turkey should be free from taxation

4 After thus surveying Turkey's economic and financial policy the President of the Republic went on to speak on the following topics

Culture Importance must be attached to the raising of the social and cultural standard of the nation Illiteracy must be abolished, and citizens must be formed capable of explaining to the next generation the ideas inspiring Turkey's national aims and principles This was a task for Turkey's universities

and higher schools. In addition to the university at Istanbul, there must be universities at Angora and also at Van, whence the youth of Turkey's eastern provinces might receive light and inspiration. The History Society has gained fresh laurels by its archæological work and by the success which attended the recent congress held under its auspices. Painting, music and sport are receiving attention, and must be encouraged still more.

The Armed Forces.—Turkey regards its army with confidence and pride. The recent grand manœuvres in Thrace and the Ægean zone had fully demonstrated its worth. The programme of armament and equipment was proceeding successfully, and it might soon be possible to manufacture all requisite supplies at home. In the plan of industrialisation of Turkey, special attention must be given to the needs of the army.

In the course of the present year the building of submarines in Turkey had begun.

The three year plan in regard to Turkey's aerial forces could be considered as completed. It was absolutely necessary in future, that aircraft and aircraft engines should be constructed in Turkey's own factories.

The army was a school of national discipline, and it is to the army that Turkey should be led to look for the men required for Turkey's economic, cultural and social campaign.

Foreign Affairs.—(This section of the President's speech is being treated separately in my immediately following despatch.)

The Popular Party.—The guiding principles of the Republican Government were those of the Popular party. These principles obliged all members of the party to be the servants of the whole Turkish nation. The fusion, operated last year between the party and the Government demonstrated, in striking fashion, that the party's aim was to work for the benefit of all citizens in Turkey without distinction.

5. It will be observed that M. Ataturk's speech is a complete programme, laying down the policy to be followed in well nigh every branch of the national activity. Two features seem to me especially deserving of notice. Firstly, the stress that is laid on the maintenance of a high state of efficiency in the armed forces of the republic and on the need for developing the country's economic life and resources as the source of its material strength; secondly, the indication, and I think it is the first that has been given from an authoritative source, that the interests of the individual citizen must be taken into account at the same time as those of the State, and that an equilibrium must be found between the lawful rights of the former and the necessities of the latter.

6. This seems to me to represent an important advance in political thought and to suggest a growing confidence in the maturing of political wisdom among the people.

I have, &c.
PERCY LORAINE.

[E 6662, 188/44] No. 59

Sir P. Loraine to Mr. Eden.—(Received November 11.)

(No. 664.)

Sir, *Angora, November 5, 1937.*

I HAVE the honour, with reference to my immediately preceding despatch, to give below a summary of the foreign affairs section of the speech of the President of the Republic to the Grand National Assembly on the 1st November. A French translation of the whole speech is enclosed herewith (1).

Turkey's Foreign Policy.

2. In the past year Turkey has worked, even more than in previous years, for peace and international co-operation. Despite the difficult times through which it is passing, the League of Nations remains, in Turkey's eyes, the ideal international organisation for the attainment of peace.

(1) Not printed.

For Turkey, the burning national question in the past year has been that of Hatay. Negotiations pursued, under the auspices of the League of Nations, have resulted in the realisation of Turkish aspirations, and Hatay will shortly possess an independent Administration. Without any doubt, France, "with whom we have collaborated in the most friendly spirit," will see to it that the new régime is rightly established. If the Hatay question proceeds along the proper lines, it will have a profound bearing, in the direction desired by Turkey, of Franco-Turkish relations.

Turkey's Balkan policy and her good relations with Afghanistan, Iraq and Iran—recently demonstrated by the signature of the Saadabad Pact—make ever increasingly for peace.

The Government of the Republic has co-operated wholeheartedly in the measures which the Spanish situation made it necessary to take in the Mediterranean and Black Seas.

The happy and peaceful state of affairs "mentioned in my speech last year" as prevailing in the waters of the Eastern Mediterranean and of the Black Sea, as well as in the Balkans and in the Near East, continues.

In the midst of international perturbations, Turkey remains animated with pacific sentiments, faithful to her mutual friendships, and ready, keeping before her eyes the international situation and her duty to widen the circle of her friends.

3. It will be seen from the above exposition of Turkey's foreign policy that events in Hatay (i.e. the districts of Alexandretta and Antioch) are to determine the future nature of Franco-Turkish relations. A notable omission from the speech is any direct reference to Turco-Russian political relations, a subject which has hitherto been a prominent feature in presidential speeches on the occasion of the opening of the Grand National Assembly, and I understand that some annoyance has thereby been generated in Moscow.

It should, however, be observed that the practice hitherto followed of referring seriatim in the presidential speech to Turkey's relations with her more important friends and neighbours has been abandoned. I am pertinently aware that the change is deliberate, and that its purpose is to cut down the references to foreign affairs to bare realities, inasmuch as individual references to foreign Powers necessitated, for reasons of politeness, carefully chosen phrases which were apt in certain cases to be somewhat fictitious.

I have, &c.
PERCY LORAINE.

[E 6757/18/44] No. 60.

Sir P. Loraine to Mr. Eden. (Received November 16.)

(No. 25. Saving. Very Confidential.)
(Telegraphic.) *Angora, November 11, 1937.*

I HEAR through a source that is likely to be well informed that, during proceedings at recent meeting in Angora of Balkan *Entente* Chiefs of the Staff, it was resolved that a fully equipped factory should be erected in Anatolia to manufacture military aircraft and engines from which Yugoslavia, Roumania and Greece as well as Turkey could obtain regular supplies of modern efficient machines for their respective air forces, Turkey being chosen because of comparative invulnerability of Anatolian plateau to air attack.

My immediate informant was Mr. Middleton Edwards, who has acted as agent for delivery of de Havilland aircraft for Turkish civil air lines. Edwards added that according to his unnamed unofficial Turkish informant, Turks would prefer to co-operate with British manufacturers in this enterprise, but would wish to know before approaching those manufacturers whether His Majesty's Government would favour the scheme and encourage British manufacturers to co-operate, and he asked for my views on this point. I told him (1) that I could not handle the matter unless approached to that effect by competent Turkish authorities, (2) that I was unable to foretell the attitude of His Majesty's Government towards such a project, (3) that project seemed quite vague and

would, in my opinion, have to be considerably more definite if, at the request of Turkish Government, it was to receive serious consideration in London.

Having reflected on the matter since seeing Mr Edwards, I see arguments both for and against this scheme from our own point of view, but am myself inclined to think that if the scheme matured the resultant standardisation in the four Balkan States of British types of military aircraft would outweigh any disadvantages

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[E 6784, 128, 44] No 61

Sir P Loraine to Mr Eden – (Received November 17)

(No 163)
(Telegraphic) *Angora, November 16, 1937*

I HAVE you received my telegram No. 24, Saving?

Government programme for giving effect to speech of President of the Republic foreshadows putting in hand of a number of public works the effect of which if duly executed will be to quicken enormously the economic life and vitality of this country

According to my information, which I consider reliable, new Government of Celal Bayar intends to devote its major energy and resources to rapid execution of this programme. The driving power of President of the Republic will be behind this economic development and we may therefore count upon its swift and tireless prosecution. Indeed, this is now emerging, to my mind, as the underlying reason for recent change of Prime Minister.

As you are aware, present temper of rulers of Turkey will, no doubt dispose them in favour of British co-operation and may well lead them to hope for British financial assistance. If offers are forthcoming I foresee that Turks will not swerve from their purpose, but will seek elsewhere such help as they may need from abroad. It therefore seems probable that we shall have shortly to determine our attitude and that we shall not have overmuch time in which to do so.

I myself have faith in economic future of this country provided there be no international catastrophe and you will certainly appreciate and I believe you will share my hope, that British assistance may be given in largest measure possible to Turkey in her economic and industrial reconstruction, the desirability and ultimate effect of which will have to be measured in political no less than in economic terms.

Impending visit of Mr Waley and Mr Nixon becomes particularly opportune and important at this juncture, and I trust before leaving London it will be seen fit to instruct them to bear in mind during their conversations here the considerations urged in this telegram.

It may not be long before we find ourselves at a crossroad as regards degree of help we are willing and able to give this country.

[R 7669/43/67] No 62.

Sir P Loraine to Mr Eden (Received November 19)

(No. 165)
(Telegraphic) *Angora, November 18, 1937*

YOUR telegram No. 107.

I put your suggestion to Turkish Minister for Foreign Affairs, without however saying that you had been approached by Bulgarian Government, and it has excited a rather complicated story.

He told me yesterday first that at the time of holding meeting of Balkan Chiefs of Staff he sent for Bulgarian Minister and pointed out that meeting was one of the series provided for in Balkan Pact and that there was no need for any Bulgarian anxiety.

Meanwhile, during the past week the atmosphere as regards Bulgaria had been overcast by a new circumstance and he felt that it would be difficult for the present to give Bulgaria what would appear to be unsolicited assurances.

New circumstance was this —

Bulgaria had asked French Government to sanction construction as soon as possible of three submarines in French yards. French Ambassador here had acquainted Turkish Government with this request without asking the latter to consent. French Minister at Bucharest had informed Roumanian Government and *had* sought their consent. (I am not clear whether French representatives in Belgrade and Athens made any similar [group undecypherable], possibly not, as neither are Black Sea States.)

Turkish Government (who incidentally dislike action of French Government in approaching members of Balkan *Entente* separately and differently) will act as is the practice of *Entente* through President for it was decided that Prime Minister of Yugoslavia who will [group undecypherable] eventually agreed to reply of Balkan partners to Paris.

Turkish Government are now—

1 Making a statement to Yugoslav Government only that, in their view Bulgaria's desire to acquire submarines can only be aimed against Turkey, Roumania and Russia and principally against Turkey.
2 Sending to Belgrade a statement for French Government only to the effect that, in their opinion, Bulgaria is seeking by this and other devious methods to obtain recognition in practice by France, and thereafter by United Kingdom of Bulgarian rearmament.
3 Proposing to Belgrade a declaration to be made to the effect that, if by acceding to Bulgarian request for submarines France recognises suppression of military clauses of Treaty of Neuilly France must also recognise as will Turkey, that demilitarised frontier zones in Thrace equally and automatically lapse.

Roumanian attitude, which has been communicated to Angora and Belgrade, is even stronger. It is that Roumania will formally oppose construction of French (or other) submarines for Bulgaria that she regards proposal as a violation of Treaty of Neuilly, that she will ask Turkey to forbid and prevent passage of such submarines to Bulgaria by the Straits, and asks Yugoslavia and Greece to prevent transport across their territory of such submarines in sections.

Turkish Government are therefore further informing Belgrade that they are unable to dissociate themselves from the view taken by Bucharest. If Belgrade and Athens think similarly, that will then become the view of the four Balkan partners.

I enquired of Dr Aras whether in these circumstances he would prefer not to proceed with your suggestion, saying that I felt sure you would not wish to force his judgment or that of his Balkan friends.

He said no, he would, as I had asked him, continue to consider your suggestion, he had had too many opportunities to appreciate the value and wisdom of your ideas to discard any of them lightly. He thought if you would allow him, in consultation with his Balkan friends, to choose time and form it might, nevertheless, be possible to act on your idea. I thanked him for his courtesy and expressed personal opinion that you would be quite willing to leave him this latitude.

I should add this. Dr Aras pointed out at one moment that if Bulgaria succeeded in placing orders for submarines in Italy or Germany, movement would be just as unwelcome but less objectionable, because neither of those countries kept up much pretence of observing peace treaties. But if France champion of treaties, accepted order it would be disastrous. As for United Kingdom, he did not believe you would even contemplate taking such an order.

Please send to Paris.

(Repeated to Belgrade, Bucharest, Athens and Sofia.)

[E 6960/425/44] No. 63

Sir P Loraine to Mr Eden (Received November 25.)

(No. 679.)

Sir, *Angora, November* 16, 1937.

I HAVE the honour to inform you that M Garelli, the general manager of the main branch in Istanbul of the Ottoman Bank, called on me this morning. His purpose was to tell me of the greatly improved atmosphere between the Turkish Government and his bank, an improvement which had been perceptible in the summer and had since become much more definite. He described the relations between the bank and the Government as having been for a good many years past quite correct but distinctly reserved. He said that those relations had now become cordial and frank, and that the present Prime Minister, while he was acting in that capacity before the definite retirement of General Ismet Inonu, had asked him whether the Government might henceforth rely on the friendly co-operation of the bank, and had been informed that the bank was sincerely desirous of giving whatever help it could. Since then the bank's help had been invoked in aiding the Turkish Government in their project of weaning Turkish economy from undue German preponderance.

2. M. Garelli surmised that some language that I had used had been extremely helpful in dispelling whatever suspicions the Turks might have entertained about the bank's attitude and, being confident that his surmise was correct, he wished to express his great gratitude.

3. I informed M. Garelli that I had indeed spoken during the summer to important members of the Turkish Government about the Ottoman Bank, and had expressed my own conviction of the bank's entire willingness to co-operate with the Government of Republican Turkey with every goodwill within the limits of its statutes, and I was only too glad if the language that I had produced the desired effect.

4. I went on to urge strongly on M. Garelli the desirability of an important director of the bank making a pilgrimage to Angora, and of the opportuneness of this being done at an early date. I reminded him of the sensitiveness of the Turks to acts of courtesy of this kind which not only show good will but also recognise Angora as the seat of Government and the nerve centre of the republic. I did not even think it would be necessary for such a visitor from the bank to discuss concrete business; it was the gesture that I advocated, and my experience told me that such a gesture would undoubtedly be fruitful in confirming this renewal of cordial relations between the bank and the Government.

5. M. Garelli expressed his entire agreement with my idea and his appreciation of my having put it forward. He said he would at once write to his principals, making the suggestion on his own behalf. I welcomed this statement and said that, in my own opinion, it would be advisable for an Englishman to come from the London Committee. I did not urge this in any sense of narrow patriotism, but because it was my honest belief that a visit of a prominent Englishman from the bank would at this juncture best serve the object in view. M. Garelli concurred in this view, and after some discussion we reached the common conclusion that Lord Goschen would be admirably suited to undertake the visit to Angora if he felt disposed and had the necessary leisure so to do.

6. I beg leave to express the hope that, should the matter be referred to your Department, you will see fit to support the recommendation that I made to M. Garelli and encourage its adoption.

I have &c.
P. LORAINE

[E 6962/466/44] No. 64

Sir P Loraine to Mr Eden (Received November 25.)

(No. 684.)

Sir, *Angora, November* 20, 1937.

I HAVE the honour, with reference to Mr. Morgan's telegram No. 16 Saving of the 21st September, regarding the recent Kurdish revolt, to inform you that, according to the Turkish press of the 16th November, the tribunal which was trying the leaders of the revolt has delivered judgment condemning eleven of the accused to death. Seven of the rebels, including Sayit Riza, were executed immediately. The death sentences passed on the other four men were commuted to imprisonment for thirty years in view of their age. The press announcement added that thirty-three other accused were condemned to various terms of imprisonment, and fourteen were acquitted.

2. In explanation of the precipitate execution of Sayit Riza and his six fellow prisoners, the *République* states that sentences of death delivered in the zones of the inspectorates general are not subject to ratification of the Great National Assembly. It will be remembered that Dersim (Tunceli) area, in which the recent operations took place, is the zone of the first inspectorate general.

I have &c.
PERCY LORAINE.

[E 6968/466/44] No. 65

Sir P Loraine to Mr Eden (Received November 25.)

(No. 690.)

Sir, *Angora, November* 20, 1937.

I HAVE the honour, with reference to my telegram No. 24 Saving of the 9th November, giving the main points of the speech on the policy of the new Turkish Government delivered by the President of the Council before the Grand National Assembly on the 8th November, to transmit to you herewith the complete text in French of M. Celal Bayar's speech.[1]

2. The President of the Council described the programme of the Government as being that of the Popular party, and could truly have added that the source of inspiration of both Government and party is the President of the Republic. The programme which he unfolded will, when executed, bring the Government a step nearer its goal, namely, the conversion of Turkey into a reasonably self-sufficing modern civilised State, packed to capacity with citizens indistinguishable in habits, culture, technique and standard of living from those of the most advanced Western nations, and living secure from cares at home and from fears of attack from without. To attain these ends as rapidly and as smoothly as possible, the State, as the following summary of M. Bayar's programme shows, takes control of the national life and directs it in small details as in great.

3. A central technical bureau will advise municipalities in regard to all their duties, from town planning to the organisation of sport and the laying-out of children's playgrounds. The State will be responsible for increasing the number of maternity homes, crèches, hospital beds and midwives, and for stationing doctors in rural centres. The security of the citizens and the rights of individuals will be the object of special care, and laws enacted in this respect will be clear and summary. Execution of judgments will be speeded up with the help of a Swiss legal adviser. New legislation will regulate land and sea trade. Prisoners serving sentences will be employed on useful work, principally mining.

4. National economy will be developed according to a State plan, and will involve co-ordination of the Ministries of Agriculture, Economy, Public Works and Finance. Special importance will be attached to the improvement of agriculture, which absorbs the activities of the large majority of the Turkish nation. Measures will be taken to familiarise the most remote villages with the most modern methods. Each tiller of the soil will be given land of his own and will have at his disposal up-to-date machinery. Agricultural schools, model farms and official advisers will show the peasant how to improve his land and his crop. The country will be divided into zones in each of which only certain crops may be grown. Produce will be standardised, and the producer will be shown what to prepare for the market and how to prepare it. Breeding and improvement of stock will be a State concern, as also will be the development of all forests in the country.

[1] Not printed.

5. Foreign trade will continue for the present on a "clearing" basis. Internal trade will be "rationalised." Trader and producer will be free from Government control, but their activities must serve the interests of the nation. Their goods must be of standard quality. Sales of principal commodities will be conducted best through co-operative trading unions promoted and controlled by the State. The trade mark "Made in Turkey" must and will come to mean "fine quality." As for industry, the needs of national defence inspire the Government to found and manage factories which can utilise home products of any kind. Private industrial enterprise will not be discouraged, but only the State has the capital and the resources necessary for endowing the country in the shortest possible time with all requisite industries, and will so endow it in accordance with a second five year plan already prepared. The mining industry will be managed by the State. A three year plan to organise it efficiently will be elaborated, as the importance of mineral products as a means of effecting foreign payments and of increasing Turkey's stocks of foreign currency is fully recognised.

6. The development of Turkey's maritime trade, and merchant shipping, will henceforth be a national aim. All the existing maritime organisations will be brought under one management. The State will create a special maritime bank for the purpose. The Government will build ships and docks in Turkey and reorganise the ports. The fishing and sponge industries will be promoted.

7. In the domain of Public Works the State will continue its railway construction policy and will not neglect the construction of roads to feed the State railway system. It is hoped to link up all important towns by the State airways and to connect State air services with those of foreign countries. Public finance will be soundly established on the basis of a balanced budget and a respect for engagements. The national money will not be devalued, as such a course is unnecessary and contrary to Turkey's interests. Efforts will be made to increase the receipts accruing to the Treasury from the State monopolies of tobacco, liquors and salt.

8. The State will continue to concern itself intimately with the education of the people. Attention will be directed to professional rather than to purely classical education. The number of State universities will be increased. The State will also organise the nation's sport, the theatre and the fine arts. It will continue to regard the defence forces which it will bring to the highest level of efficiency as a school of discipline and a focus of national culture, and a training ground where the men wanted for Turkey's economic, cultural and social welfare will be formed.

9. In foreign policy Turkey's motto will be peace, fidelity to her friendships and extension of her circle of friends, and support of the League of Nations. Measures will be taken to ensure that the Ministry for Foreign Affairs and Turkey's diplomatic and consular representatives will attach to commercial and economic questions the same importance as they have hitherto attributed to purely political questions.

10. The speech ends with an affectionate tribute to the services of the speaker's predecessor, Ismet Inonu.

I have, &c.
PERCY LORAINE.

[E 6987/425/44] No. 66

Sir P. Loraine to Mr. Eden. (*Received November 25.*)

(No. 691.)

Angora, November 20, 1937

Sir,

I HAVE the honour with reference to my despatch No. 690 of the 20th November enclosing a French translation of the speech of the Turkish President of the Council to the Grand National Assembly on the 8th November, to give below an account of those parts of the speech which dealt with commerce, industry and mining.

Foreign Trade

2. Ninety per cent. of Turkey's foreign trade is conducted on a clearing basis. Turkey however, is ready to adopt any other system which can be shown to be more advantageous to Turkey. Her general policy in regard to foreign trade is —

(1) Bilateral agreements and reciprocal facilities,
(2) The most favoured nation clause will not be accepted, except under reserve in regard to Turkey's imports, and
(3) Trade with certain countries must show a balance in Turkey's favour.

Home Trade

3. New laws relating to land and sea trade will be drawn up during the coming session. In addition, commerce will be organised, rationalised and standardised. The Turkish merchant will have to be recognised as a man of scrupulous honesty handling only reliable products. Sales of principal commodities will be conducted through co-operative associations of producers and merchants and these associations will be subject to strict Government control. The number of agricultural co-operative credit associations will also be increased. The production and sale of important products will be organised by the State beginning this year, with hazelnuts. The State will prevent haphazard production of any category of goods, and will insist supplying the market only with the kinds and quantities of goods required by the market. The uniform quality of goods and their conformity to standard will be strictly insisted on by the State.

Industry

4. The State will be responsible for the industrialisation of Turkey. The Government's aim is to meet the needs of national defence and to be self sufficing. The first five year industrial plan was launched in 1934. With the exception of a few unfinished works it has been completed. In addition the Bakirkoy textile mill has been reorganised and the Karabuk steelworks, a chemical fertiliser factory, and a plant for producing nitric acid have been begun. In the eastern provinces a cement factory and a mill with 10,000 spindles are being set up. The second five year industrial plan will be presented to the Assembly during the coming session.

Mining

5. A three-year plan for the development of the mining industry has been drawn up. It provides, among other things, for doubling the country's coal output (now standing at 1½ million tons) and for the extraction of iron ore from Divrik mine. Prospecting will be undertaken by the State mining institute and operation of mines by the State owned Eti Bank. The State already operates the chrome of Guleman, which has an international reputation, the copper of Kuvarshane and the coalfields of Eregli, and is re-equipping the rich copper mines of Ergani. Modern methods will be used in all mines, and the conditions of mine workers improved.

It is hoped that as a result of the export of coal, Turkey will obtain a surplus of foreign currency of £T 2½ million in 1938, and of £T 5½ million in 1941.

As regards copper the Ergani mines will begin production at the end of 1938, and will produce from 7,000 to 10,000 tons of pure copper annually. The Kuvarshane mine, which is already working, will produce from 2,000 to 2,500 tons of pure copper a year. The State has also decided to work the copper mine of Murgul, in the Vilayet of Artvin, and calculates that it will produce 400,000 to 500,000 tons of copper ore each year. Turkey's annual export of pure copper, in three years' time, will be 20,000 tons a year valued at £T 6 million.

Iron ore has been found at Divrik and is said to be as rich as that of Sweden and the Ural mountains. It is estimated that at least 15 million tons of iron ore exists at Divrik and that 500,000 tons can be extracted annually.

Silver lead, in workable quantities has been found at Bulgardag and at Keban, and gold also at Keban. An annual extraction of lead, gold and silver valued at £T 1 million may be expected. When exports of all the above minerals reach their maximum, Turkey will be receiving in foreign currency, some £T 14 million per annum.

Systematic prospecting will be begun for lead at Denek, Projman and Gumüşhane, for copper at Espiye and Ilaç, for antimony at Turhal and Göynük and for chrome at Dalaman and in the Vilayet of Slavis. As regards oil, research so far has been unfruitful, but encouraging indications have been located. In addition, there are likely petroliferous areas in Adana, Thrace and Van.

Maritime Trade

6. A bank, to be called the Deniz bank, will be formed by the Government to co-ordinate and manage all maritime activities. The tonnage of the merchant marine will be augmented. A three year plan has been prepared. It provides for a new shipbuilding yard at Istanbul able to turn out four ships a year, two of 5,000 tons and two of 1,000 tons. The Istinye (Stania) Dock Company will be purchased by the Government. Port dues will be diminished, quays will be built, or improved, and modern machinery for bunkering ships will be installed at Istanbul. The fishery and sponge industries will be organised.

7. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

[E 6968/16/44] No. 67

Sir P. Loraine to Mr. Eden. (Received November 25.)

(No. 692 E.)
Sir, *Angora, November 20, 1937.*

I HAVE the honour, with reference to my despatch No. 690 of the 20th November concerning the new Turkish Prime Minister's exposition of policy before the Grand National Assembly, to give below details of his references to Public Works.

2. The State railway system is to be pushed on from Sivas to Erzerum and from Diarbekir to Iraq and to Iran. The line between Burdur and Antalya, which has an economic and a strategic importance, is to be completed. A train ferry service will be organised across the Bosphorus. The increase in rolling-stock necessitated by the opening in the near future of a further 3,000 kilom. of railways making 10,000 kilom. in all has been made, and includes refrigerator cars. An extension of the system of steam railcars is projected. Attention will be paid to the asphalting of roads, the construction of bridges and the completion of the Turco Iranian transit road. A special study will be made of plans for irrigation and the use of water-power.

3. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE

[E 7148/128/44] No. 68.

Sir P. Loraine to Mr. Eden. (Received December 4.)

(No. 32. Saving.)
(Telegraphic.) *Angora, November 27, 1937.*

IN my opinion visit of Mr. Waley and Mr. Nixon, who left Angora last night, has been definite success. As I anticipated they found it possible to discuss all issues which interested them in frank terms and a spirit of friendly and objective collaboration with all officials and business directors with whom they were brought into contact. They will of course report on result of their conversations themselves when they reach London.

They were the object of most friendly welcome and attentions from all Turkish Ministers, officials and bankers, &c., whom they had occasion to meet.

On the night before their departure they and I also were guests at dinner of Minister of National Economy, after which manager of Central Bank of Turkey invited the whole party to a cabaret performance in supper room of Angora Palace Hotel. When I arrived at the hotel in company of Turkish Prime Minister we were informed that President of Republic was coming to the hotel on a "surprise" visit to join the party. As is usual in these circumstances, proceedings did not terminate till the early hours of the morning. This action of the President naturally confirmed in most emphatic way cordiality of Turkish welcome, and was especially remarkable inasmuch as his Excellency had not thought it necessary to receive bankers of States of the Balkan *Entente* who had been in conference in Angora for two or three days at practically the same time.

I received later on through Dr. Aras an expression of President's satisfaction at having been able to meet Mr. Waley and Mr. Nixon in this way, of his appreciation of their personal qualities and of the intelligence and friendly straightforwardness which they had displayed in all their contacts with Turks during their stay in Angora.

[E 7193/425/44] No. 69

Sir P. Loraine to Mr. Eden. (Received December 6.)

(No. 36. Saving.)
(Telegraphic.) *Angora, November 30, 1937.*

MY telegram No. 32, Saving.

Following points of importance emerged from visit of Mr. Waley and Mr. Nixon:—

1. Turkish determination not to contract a loan is quite unshaken.
2. Turkish Government will ask for no favours. If credits for industrial purposes can be made available from the United Kingdom, they will welcome their use on agreed and mutually satisfactory business conditions.
3. Whether or not credits are forthcoming Turkish Government are confident of their ability to carry out the present programme of industrial development. Credits would, of course, accelerate progress.
4. Eti Bank have pledged their co-operation in improving mechanism of Comptoir and ensuring its satisfactory functioning. They had a much stronger case than we supposed; frank conversations have cleared away a lot of the undergrowth and the road is now open to co-operation based on much clearer comprehension of the respective interests and requirements. Turkish Prime Minister personally facilitated this result.
5. Turks did not shirk question of blocked deficit on clearing agreement; they appreciated the importance of the issue and were ready to consider and discuss it objectively. Difficulty remained, however, of devising practical methods to remedy present position.
6. As regards Ottoman Bank, Turks have wiped the slate of the past, and Prime Minister said there is a large field in Turkey for useful activity by the bank. An idea outlined itself of making a sort of consortium between Ottoman Bank and Ish to represent and watch over Turkish financial interests in the City of London.
7. Turks are not prepared to devalue their currency.

My own summary of present position is:

(a) Language used to Turkish Ministers in August (see your despatch No. 495) has sunk in.

(b) Visit of Mr. Waley and Mr. Nixon has been really useful as a gesture of interest and goodwill in creating personal contacts, in furthering reciprocal comprehension and in stimulating spirit of frank and business-like co-operation.

(c) Problem of sterling availabilities for Turkish Government remains substantially the same. Until the time when they may accumulate through the agency of the Comptoir these availabilities can be increased by our buying more Turkish produce (apparently impossible) or by provision of further credits by the Export Credits Guarantee Department (perhaps possible), or mitigated by limiting United Kingdom exports to Turkey (probably impossible in practice)

(d) If further British credits can be made available I would suggest their being devoted preferably to sound schemes, which will facilitate extraction transport and shipment of mineral ores

(e) Turks have confirmed our opinion of their friendly disposition and enhanced that of their business capacity

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[E 7260, 134 44] No 70

Sir P Loraine to Mr Eden (Received December 9)

(No 701)

Sir *Angora November 25 1937*

I HAVE the honour with reference to paragraph 3 of Mr Morgan's despatch No 565 of the 23rd September to transmit to you the accompanying copies of correspondence with the head of the Third Department at the Ministry for Foreign Affairs on the subject of the routes to be followed by pilots of foreign aircraft across Anatolia (1)

2. It will be seen that aviators now have the option of following the route Adapazari Angora Konya as an alternative to the regular route Adapazari-Eskişehir Konya, provided that the route to be followed is specified in the usual request for permission for the flight

3. It may be useful for aviators to know that this alternative route is now open to them

I have, &c
PERCY LORAINE

(1) Not printed

[E 7263/24/44] No 71

Sir P Loraine to Mr Eden —(Received December 9)

(No 705 E)

Sir, *Angora November 27, 1937*

I HAVE the honour, with reference to Mr Morgan's despatch No. 551 E. of the 11th September last analysing the movement of Turkish foreign trade during the second quarter of the current year, to transmit to you herewith returns showing the distribution of Turkey's trade with her principal suppliers and customers during the first nine months of the current year

2. During the third quarter of this year the value of Turkey's imports has greatly exceeded the value of imports effected during the same period of last year, the total of exports, however is slightly lower

	Third Quarter 1936	*Third Quarter 1937*
	£T	*£T*
Imports	22 095,304	31 259,544
Exports	23,184.342	22 202 366

3. During the September quarter of 1937, imports have exceeded exports by over £T 9 million This great excess of imports is a reflection of an increase in Turkish exports during the early months of the year

4. The total value both of imports and exports during the nine months ended the 30th September, 1937, compares very favourably with the same nine months of the preceding year

	First Nine Months, 1936	*First Nine Months, 1937*
	£T	*£T*
Imports	66,655,420	79,268,320
Exports	64 190,858	77 111,595

5. The volume of trade during the first nine months of the current year was as follows —

	First Nine Months, 1936	*First Nine Months, 1937*
	Kilog	*Kilog*
Imports	360.643,598	415,425.555
Exports	537,375,711	729.662 602

6. It may be observed from the above figures that during the first nine months of 1937 the value of imports into Turkey has increased slightly in proportion to their volume whereas the volume of exports has increased much more rapidly than their value, by comparison with the first nine months of 1936

7. As regards trade by countries it will be observed that imports into Turkey from the United States of America, Italy U S S R Egypt and Brazil have increased very substantially Imports from Czechoslovakia, and from Spain (which do not appear on the table), have declined heavily In the case of other countries, including the United Kingdom, there have been small increases

8. In exports there has been a general increase as compared with 1936 The only important customers who have purchased less this year than last are Germany, Japan, Sweden and Spain

9. I am sending a copy of this despatch to the Department of Overseas Trade

I have, &c
PERCY LORAINE

Enclosure in No 71

TURKISH Foreign Trade with principal Countries.

First Nine Months of 1936 *and* 1937

(In £T 000's)

	Imports		Exports		Trade Balance	
	1936	1937	1936	1937	1936	1937
Austria	2 060	1 [illegible]	833	1 439	1 [illegible]	+ [illegible]
Belgium	158	770	808	5 21[illegible]	+ 650	+ 4 440
Brazil	1 178	1 501		280	+ 85[illegible]	− 1,220
Czechoslovakia	2 820	1,070	3,088	4 559	+ 27[illegible]	+ 2,880
Egypt	680	1 737	670	750	10	− 980
France	1 900	810	2 580	3 620	+ 690	+ 2 820
Germany	30 636	32 487	31 [illegible]05	27,391	+ 1 0[illegible]0	5 100
Greece	426	390	1 310	1 520	+ 890	+ 1 130
Italy	253	2[illegible]	1 059	4 [illegible]59	+ 1 710	840
Roumania	932	1 308	312	270	620	1 040
Sweden	1 [illegible]	1 598	1 213	870	580	720
Switzerland	1 629	[illegible]	660	1 5[illegible]	960	+ 936
United Kingdom	4 229	4 598	3,338	5,914	89[illegible]	+ 1 320
United States	8 766	12,513	5,[illegible]24	985	[illegible]	5,450
U S S R	3,680	5 078	2,832	4,304	[illegible]	780

[E 7254 886/44] No. 72.

Sir P Loraine to Mr Eden (Received December 9.)

(No. 707)
Sir, *Angora, November 27, 1937*

IN connexion with the matters which formed the subject of my despatch No. 706 and my telegram No 33 Saving, both of to-day's date, the Turkish Minister for Foreign Affairs told me that most people were apt to misinterpret the state of Russo Turkish relations in an exaggerated manner in one direction or another, it was made out at one moment that Turkey was little better than a vassal of Russia and a willing instrument of Russian policy and ambitions, at another moment that Russo Turkish friendship had sustained shocks and injuries which, if they had not constituted an immediate breach between the countries, was certain to develop into estrangement and coolness. He would therefore, like to emphasise again that neither of these theories was true nor had they been true at any moment. It was in reality Kemalist Turkey that had decided the form and scope of her friendship with Russia. Both the form and the scope had been embodied in signed instruments and with those instruments Turkish duties and obligations towards Russia began and ended. Moreover, as I was already aware Russian tendencies to enlarge the scope had been and always would be steadfastly resisted. Broad and large the arrangement had worked well. It had always proved possible and in this respect he did not foresee any change in the future to clear up any misunderstandings that arose. There was, of course a certain jealousy in Moscow caused by Turkish friendship and intimacy with the United Kingdom but this was really a product of Russian proneness to suspicion and jealousy and was not really a damaging factor in Russo-Turkish relations.

2. I told Dr Aras that I had always represented to you that friendship with Russia had been, must be and would be in all previsible circumstances a cornerstone of Turkish policy notwithstanding any apparent fluctuations in its degree of warmth. He was good enough to say that my definition exactly represented the facts.

3. I am sending a copy of this despatch to His Majesty's Ambassador at Moscow.

I have, &c.
PERCY LORAINE

[F 10717 597 61] No. 73.

Sir P Loraine to Mr Eden (Received December 9.)

(No. 709. Most Confidential.)
Sir, *Angora, November 27, 1937*

I HAVE the honour to inform you that Dr Aras, in the course of my last conversation with him alluded to the situation in the Far East. He pointed out that the Japanese had already occupied an enormous area of China since the outbreak of hostilities, that the advance of the Japanese armies had progressed with extraordinary rapidity and ruthless determination. It seemed difficult to suppose that the Chinese forces, ill equipped as they were by comparison with their Japanese adversaries would be able to check or stem the victorious Japanese advance, and in that case the question arose at what juncture failing a Chinese submission and at what geographical point the Japanese advance would arrest itself.

2. Turkey he pointed out had no direct interest engaged in the Sino Japanese struggle, indirectly she might be affected by the impact of that struggle on the position and policy of her Russian friends. If however the Japanese armies advanced into the heart of Asia and as far as Kansu I think he must have meant Sinkiang, and so approached Chinese Turkestan then Turkey would have a certain actual interest in subsequent developments. He considered moreover that, if Japanese forces reached the vicinity of Eastern Russia even if she had not done so already, would be bound to take military measures for the defence of her interests and that would mean a Russo Japanese war.

3. He went on to say that during the Turco-Afghan conversations that took place in connexion with the signature of the Oriental Pact, and at a time of course, when the present Sino Japanese conflict appeared to be a comparatively remote and possibly avoidable contingency, the eventual penetration of Japan into the western provinces of China had been taken into consideration. The Turkish view had been that so long as Chinese Turkestan remained a portion of Chinese territory, no alarm need be felt and the Afghans concurred in this view. The Turks were further of opinion that it would be dangerous both Turkish and Afghan interests if Chinese Turkestan were to fall either under Japan or under Russia, here also the Afghans agreed. The Turks thereupon proposed the idea which also met with Afghan approval that Chinese Turkestan, if it could not remain Chinese had better be occupied by the Afghans and the Turks promised the Afghans that their policy would be to favour and support, so far as it was in Turkish power Afghan action to that effect if the contemplated eventuality matured.

4. In Dr Aras's opinion the present Sino Japanese hostilities opened up a new and important chapter in the struggle for the hegemony of Asia. The protagonists were clearly Russia and Japan. He knew that in Stalin's opinion the mastery of Asia meant the mastery of the world. He was Stalin's first leader in history to entertain this view he must confess that the leaders of Japan were animated by an exactly similar doctrine there was therefore at least one point of similarity between Russia and Japan in inasmuch as they both wanted the same thing.

5. Taking this axiomatic just for the purpose of argument that the arrival of Japanese armies in the neighbourhood of Urumchi would compel Russia to take military action against Japan, he furthermore expressed the opinion that it might not be possible for Stalin to defer action as long as that. According to his information the Soviets had already ten divisions at war strength, say 300,000 men and 1,500 military aircraft concentrated on their Far Eastern frontiers and this concentration was being and would be steadily reinforced, whereas the Japanese had already a force of 500,000 men ready to deal with any developments from the Russian side on the right flank of their operations in China. He had indeed the conviction that if Chinese resistance to the Japanese still continued at that time Stalin would be forcing the Japanese by threat of attack with or without the co-operation of the United Kingdom and the United States of America but probably without.

6. His Excellency asked what were my own views on the subject. I told him that my purely personal views about the general nature of the struggle that was unrolling itself in Asia did not differ substantially from his. It had for a long time been a theory of mine that one ought to regard Northern Asia and Southern Asia as two essentially different parts of the same continent. Of all the Asiatic States the one in the most peculiar position was China as she partook of both Northern and Southern Asia. Apart from China the only two Northern Asiatic Powers were Russia and Japan, and it had always seemed to me a matter of vital necessity and prudence that the States located in or having possessions in Southern Asia should so organise themselves as to isolate these dominions from any struggle for Asiatic hegemony. put in my terms therefore the fight would be for the mastery of Northern Asia only if Southern Asia could by careful organisation be made solid and strong enough to be immune from the impact of events in the northern half of the continent.

7. Dr Aras asked me exactly what I meant by Southern Asia. I replied that I meant everything from Haydarpasa to Canton or even Shanghai, and certainly everything as far east as China that lay south of the Russian frontier. Dr Aras looked rather puzzled and pointed out that the recent Oriental Pact had had for one of its objects to keep the four participating Powers outside Asiatic affairs and that he saw no community between them and say India Malaya Siam or Indo China all of which were quite separate entities. The distinction which Dr Aras seemed to make between the countries of the Oriental *Entente* and the rest of Asia seemed to me a very curious one and I at once suddenly struck me that whereas I had been speaking of Asia in geographical terms he had been thinking of it in ethnological terms, and that we were therefore talking to some extent at cross purposes. I put this to him and he agreed and thus I discovered a conception in his mind which seemed to me singular novel and even startling that ethnologically the Turks, the Arabs, the Iranians and

the Afghans are not Asiatics and that their presence in the continent of Asia is a mere geographical accident. Having cleared up this misunderstanding, Dr. Aras said he did see the force of my argument; but I could nevertheless see the rooted idea in his mind that the true Asia begins east of Afghanistan and Iran.

8. I am sending a copy of this despatch to His Majesty's Ambassador in Moscow.

I have, &c.
PERCY LORAINE.

[E 7255/7255/44] No. 74.

Sir P. Loraine to Mr. Eden.—(Received December 9.)

(No. 711. Most Confidential.)

Sir, *Angora, November 27, 1937.*

I HAVE the honour to state that the Turkish Minister for Foreign Affairs, while speaking in his last conversation with me on the situation in the Far East, was so good as to inform me that the attitude of the Japanese authorities towards Turkey was extremely cordial, and that particularly General Araki seemed willing to place at the disposal of the Turkish representative in Tokyo all kinds of information, even of a confidential character; in fact, the Turkish representative found himself the object of particular attention on the part of the Japanese, and his Excellency concluded therefrom that the Japanese found it in their interest to do what they could to assure to themselves Turkish good opinion and goodwill in the present emergency.

2. Dr. Aras said that the Turkish Government naturally appreciated this amiability, but that he had nevertheless warned their representative in Tokyo to exercise caution and to avoid an undue intimacy. The Turkish Government, so far as their own interests were concerned, had no quarrel or divergence with Japan, but they did not wish to give the Japanese any reason for supposing that Turkish sympathies or moral support could be counted on.

3. The Turks, his Excellency added, had not forgotten, or forgiven, the attitude of the Japanese delegates at the Lausanne Conference in favour of the maintenance of Capitulations even in the new Turkey.

4. I am sending a copy of this despatch to His Majesty's Ambassador at Tokyo.

I have, &c.
PERCY LORAINE.

[E 7261/466/44] No. 75.

Sir P. Loraine to Mr. Eden.—(Received December 9.)

(No. 721.)

Sir, *Angora, December 3, 1937.*

I HAVE the honour, with reference to my despatch No. 89 of the 12th February, concerning certain changes which were made in the Turkish Constitution in order to enable the Government to create the office of Parliamentary Under-Secretary of State, to inform you that this office has now been abolished.

2. The decision to abolish the post was taken on the 22nd November, at a meeting of the Council of Ministers held under the presidency of Atatürk. It was on the initiative of the President of the Republic that the step was taken, experience having shown him that the newly-created officials served no useful purpose. On learning of the decision of the Cabinet, the Parliamentary Under-Secretaries of State attached to the various Departments handed in their resignations. At the request of Atatürk, M. Numan Menemencioglu, on resigning his post and his deputyship, resumed his duties as Secretary-General of the Ministry for Foreign Affairs.

3. The abolition of the office entailed excising all references to the office from those articles of the Turkish Constitution which had been changed, as

reported in my despatch under reference, in order to legalise the creation of the office of Parliamentary Under-Secretary of State. It also entailed repealing or changing parts of Law 3117 of the 8th February, which defined the duties of Parliamentary Under-Secretaries of State, and which formed the subject of my despatch No. 156 of the 19th March to you. For this purpose two Bills were, on the 29th November, submitted to the Kamutay (Grand National Assembly). The motion for the passage of the Bill for the changes in the Constitution was signed by the Prime Minister and 152 Deputies, as required by article 102 of the Constitution. It secured 350 votes, and became law. The Kamutay also passed the other Bill modifying Law 3117.

4. The text and translation of the revised articles of the Constitution and a translation of the law amending Law 3117 will be sent to you on their appearance in the *Official Gazette*.

I have, &c.
PERCY LORAINE.

[E 7262/820/44] No. 76.

Sir P. Loraine to Mr. Eden.—(Received December 9.)

(No. 723 E.)

Sir, *Angora, December 3, 1937.*

I HAVE the honour, with reference to my despatch No. 669 E. of the 5th November, regarding the Turco-German agreement on commercial exchanges and payments, to inform you that articles have recently appeared in the Turkish press which are of interest as indicating a new procedure on the part of the German Price Control Office, the duties of which now appear to consist in preventing imports into Germany at prices higher than those ruling in the world market.

2. According to one article, the German Price Control Office, by refusing to authorise imports into Germany except at prices considerably below those ruling for shipments to other markets, has tended to force down the prices of Turkish exportable produce; the Turkish exporters had held out for some time, but after some weeks of inactivity their prices had begun to waver, and the German authorities had thereupon authorised imports at still lower prices, although prices in other markets had not fallen.

3. It appears, therefore, that during the past few months there has been a reversal of policy on the part of Germany, in so far as her trade with Turkey is concerned. Until February of this year, Germany had pursued a policy of buying at high prices in order to ensure supplies for herself and, at the same time, the more effectively to monopolise Turkish foreign trade. The refusal of the Central Bank of Turkey in February last to continue to finance exports to Germany put a stop to this policy, and the recently-signed Turco-German Commercial Agreement was designed to prevent a recurrence of the situation.

4. Exports to Germany of Turkey's principal produce are now limited in value under the terms of the new agreement (please see in particular Mr. Morgan's despatch No. 573 E. of the 25th September). The German Price Control have, therefore, been attempting for the past three months, by their policy of forcing prices down, to obtain larger quantities at the same cost. A further article, however, states that this second move has also been checked and that the German authorities have now agreed to buy Turkish produce at prices 12½ per cent. higher than those ruling in world markets.

5. It is interesting to notice that Faik Kurtoglu, the Under-Secretary of the Ministry of National Economy, at a meeting of exporters which he convened at Istanbul on the 12th November, informed exporters that the delay in receiving payment from Germany would soon be reduced to four or five months as the result of purchases which the Turkish Government proposes to effect in Germany.

6. I am sending copies of this despatch to His Majesty's Ambassador at Berlin and to the Department of Overseas Trade.

I have, &c.
PERCY LORAINE.

[E 7306/128/44] No. 77.

Memorandum respecting Turkey by S. D. Waley, Treasury.—(Received in Foreign Office, December 10.)

I.—*General Impression.*

DURING the five days which I spent at Angora the Ambassador arranged a series of lunches and an evening party; Nixon and I had long talks with the Prime Minister (Celal Beyar), the Minister of National Economy and the Foreign Minister. I also had one or more conversations with the Minister of Finance (with whom I was at the Lausanne Conference of 1922–23), the Minister of Monopolies (who looks after tobacco), the governor of the Central Bank, the presidents of three of the Government banks which look after exports, industrial development and mineral production respectively. I also had talks with officials at the Ministry of Finance, Ministry of National Economy and Central Bank. On one evening the Minister of National Economy gave a large dinner party at which most of the Cabinet and bank chairmen were present, and after dinner Ataturk sat at our table from 11 P.M. to 5·30 A.M.

The Ministers whom I saw (with one or two exceptions) impressed me as very level-headed and sensible and extremely well informed on the rather complicated questions which were discussed.

The country is still very poor and the taxation is heavy. The work of improving agriculture and starting industries and developing the country's mineral wealth is said to have been begun with efficiency and success.

The system of State socialism in industry, mining and railways, co-existing with private capitalism, seems well adapted to the needs of Turkey, where there is much of the 20th century and much of the 18th, but little of the 19th. It strikes me—for what hasty first impressions are worth—as a disciplined, hard-working and perhaps rather grim country. Ataturk would certainly have been more at home in Sparta than in Athens.

The Clearing Agreement.

The Turkish Government are determined not to buy from any country more than that country buys from them. They have twenty-two clearing agreements, most of which provide that 70 per cent. of the proceeds of Turkey's exports shall be available to pay for the goods exported to Turkey by the other partner in the clearing, and 30 per cent. shall be at Turkey's free disposal.

Despite Turkey's insistence on bilateral trade, we tried to avoid a clearing, and experimented with an agreement which left it to the Turkish authorities to obtain sterling from their own exporters. This failed, and we set up a clearing in September 1936. This has not solved the problem, for the delay which occurs before money paid in Turkey for trade debts can be transferred in sterling to the creditors in the United Kingdom has increased from three and a half months in November 1935 to eleven months in November 1936 and to eighteen months in November 1937. The amount of trade arrears is now £1¼ million. With one exception, Turkey's clearing partners have similar difficulties, the total arrears amounting to £4 million. The one exception is Germany, which owes £3 million to Turkey.

Turkey's exchange difficulties have been due to two main causes:—

(1) She had allowed Germany to buy her tobacco and other exports at inflated prices, and, in order to unfreeze her frozen reichsmarks, has had to buy German goods at inflated prices. This system has greatly crippled her power to export goods to the rest of the world.

(2) The exchange value of the Turkish pound (officially £T. 0·2 = £1 sterling) has been fixed too high. Turkey should have devalued, but decided not to do so for reasons of "psychology" and "prestige."

The exchange difficulties have been aggravated by rearmament, on which Turkey is this year expending the equivalent of £1 million in foreign exchange, as compared with her total free exchange resources of £2 million a year.

The recent removal of import restrictions has increased imports from "free exchange" countries, since exports from clearing countries are becoming difficult.

I discussed the position of the clearing with the Prime Minister and the Minister of National Economy and various officials. They said that they had agreed recently with Germany to cut down their exports to Germany by one-third; they had also to arrange to finance non-German trade free of interest, while it costs 9 per cent. per annum to finance exports to Germany. If their exports to the United Kingdom could be increased to pre-war levels, all would be well.

They are seeking means to increase their exports of tobacco, fruit and other goods to the United Kingdom by improved organisation, &c. It will take time.

They are *not* prepared to restrict imports from the United Kingdom, having recently abolished import restrictions, but would not object to our taking power to restrict exports to Turkey if we did so as a general measure, not naming Turkey specially. (The Prime Minister said to me: "I must say, if I were in your position, I should restrict exports.") They are not prepared to give direct subsidies to exports to the United Kingdom and elsewhere, since this would be regarded as a form of devaluation.

The suggestion put before me by the Prime Minister was that the trade arrears of £1¼ million should be settled by compelling the creditors to settle these debts by "compensation." This means that the creditor in the United Kingdom, who is owed £100 and has received £T. 623, sells his Turkish currency at a discount of something like 30 per cent. to an exporter (direct or through a bank) and the exporter sends to the United Kingdom "Schedule 4" goods. These are goods included in thirty categories other than the main articles of export—such as figs—and the sacrifice made by the exporter (30 per cent. or thereabouts) is available as an export subsidy to enable goods to find a market in the United Kingdom, where, without the reduction in price made possible by this subsidy, they would be unsaleable. (This is an outline, not a technical description of the procedure.) Thus, in effect, this trade is not conducted at the official rate of exchange, but at a "compensation" rate, showing a devaluation of very roughly 30 per cent.

I told the Prime Minister that I would report this suggestion to the Board of Trade, but that I thought that creditors who expect to receive £100 in eighteen months would be very indignant if *compelled* to accept £70 at once. (They already have the option of so doing.) I added that, if £1¼ million were suddenly thrown on the market for compensation, the discount would become ruinous.

The Prime Minister did not press his suggestion, but said that it had been accepted by France and was working quite well.

The director of the Turkofiz (which deals with clearing agreement questions) suggested to me that the arrears might be gradually paid off by annuities and that banks or insurance companies might "mobilise" these annuities and pay off the creditors in cash. I said that this seemed to me impracticable, since banks or insurance companies can obtain 12 per cent. on Turkish unified bonds. Moreover, we wanted to keep our banks liquid, and, though something of the kind had been done in the case of Argentine and Brazilian trade arrears, we had promised our monetary authorities not to agree to such "mobilisations" in future cases.

To sum up the matter, there seem to be three alternatives:—

(1) For the Board of Trade to obtain power to restrict exports to countries where there are clearing arrears and to apply these powers to exports to Turkey. This is what Holland has done.

This is the sensible thing to do, but it involves special legislation to deal with what is a small, and perhaps temporary, problem, and the restriction of exports would be difficult to administer.

(2) To force creditors to accept settlement by "compensation trade" is to incur a loss of 30 per cent. or more in order to get prompt payment.

The creditors already have the *option* of so doing, but this option has been very sparsely used. The matter should, no doubt, be discussed with the chambers of commerce, but if a trader has sent goods on the faith of a clearing agreement and prefers to wait two years or more for his sterling rather than to abate his full debt for prompt payment, it does not seem justifiable to alter the agreement so as to force creditors to accept settlement by compensation trade.

(3) To " faintly trust the larger hope " that gradually equilibrium will be restored by increased Turkish exports and curtailed United Kingdom exports, accompanied by an increased use of compensation trade by traders who are disillusioned about the clearing procedure. This will at best be a very slow remedy.

Whatever policy is adopted, I think that careful consideration should be given to enlarging the list of " Schedule 4 per cent. goods, as suggested in Colonel Wood's letter of the 20th October, 1937, to the Department of Overseas Trade, *i.e.*, by adding for the purpose of unfreezing arrears items such as mohair, emery, millet, valonea, canary and cotton seed. The Turkish experts seemed fairly sure that this would increase the sale of these articles to the United Kingdom, and thus benefit creditors as a whole. This could be done without any new agreement, and therefore presumably no fresh Treasury order would be required.

II.—*The Ottoman Bank.*

The Prime Minister said that in the past the Ottoman Bank had not been well regarded by the Turkish Government—it had mixed politics with business and given misleading information about Turkey. Now all the past was washed out and the Government were favourably disposed to the bank, which had been given a place in the consortium for financing export business. There was so much to do in Turkey that there was no need for rivalry. Although the Ottoman Bank in London could only give limited material help, its prestige was recognised: its present attitude was all that could be desired; its commercial technique was appreciated; it was a prudent body.

He also said that a branch of the Isb Bank at Hamburg and the subsidiary companies formed by it had proved useful, and it was proposed to start a branch of the Isb Bank in London, which would co-operate with the Ottoman Bank. This awaited Cabinet approval.

III.—*Balkan Central Banks.*

Dr. Tewfik Rushdi Aras, the Foreign Minister, described his plan for an office of the Balkan Central Banks and his desire for meetings of these Central Banks at Bâle. He would like the governor of the Turkish Central Bank (Salahettin Çam) to come to London, and asked if I would introduce him to Mr. Norman. I said that it was hardly for me to introduce Mr. Norman to a fellow-governor of a central bank. The governor of the Bank of England afterwards authorised me to tell Salahettin Çam that he would be pleased to see him at any time he was in London, and I gave this message (which was received with great pleasure) and told Dr. Aras. I gathered that Salahettin Çam would ask the Bank of England to arrange for a representative to visit Angora.

S. D. WALEY.

November 27, 1937.

[E 7813/128/44] No. 78.

Extract from Report by Mr. Nixon, Export Credits Guarantee Department, on his Visit to Turkey.—(Received in Foreign Office, December 11.)

* * * * *

7. Naturally, I was anxious to form some opinion of the general reliability and financial competence of the Turkish Government. But in a few days devoted almost exclusively to the Comptoir, no complete examination could even be begun. The following notes are therefore only first and partial impressions. They give no considered view of the whole position. In particular, though certain figures, &c., were given to us, I made no critical examination of them, and such problems as the Turkish Government's attitude to the external obligations inherited from their predecessors did not come into our discussions.

(*a*) Their internal finances are in good shape and have been for some years. Their exchange policy has not so far been so successful and in particular they made the mistake of tying up too much of their trade in Germany. This mistake

has been realised and is being rectified. But meantime they have accumulated in their other clearings debit balances of £4 million and in their German clearing a credit balance of £3 million which can only be unfrozen by buying goods from Germany. It must at the best take some time to reduce the arrears on their clearings and in particular the arrears of £1½ million on the clearing with the United Kingdom. Moreover, there seems some reason to believe that their price level is too high and that some devaluation would have helped them; but devaluation has been definitely rejected on prestige grounds. It is their desire to return to a free exchange system when their resources permit, but on present indications their exchange position seems likely to cause them some degree of difficulty for a good while to come.

I mentioned the desirability from the point of view of further medium-term credits of effecting some improvement in the clearing with England. This and other comments by Mr. Waley appeared to sink in.

(*b*) At no time during our many conversations was any question raised by the Turks as to His Majesty's Government granting or guaranteeing further credits for Turkey. The President of the Republic said that the present régime would never ask for loans but would agree to credits. We repeated many times our desire for continued economic co-operation, to which the Turks wisely replied that the limiting factor is what Turkey can sell to the United Kingdom.

(*c*) Discussions lasting several days could hardly fail to leave a fairly definite impression of the character and ability of the Turkish Ministers and officials. As to character this impression was outstandingly good. In few of the minor countries with whom we are in relation do the leading Ministers and officials create and maintain such a feeling of seriousness and reliability. As to competence the general level is decidedly high, as the discussions showed and ten years' work demonstrate. They left a little the impression of having something to learn. Their problems are complex and pressing. The experienced administrators are few. But even in this respect they seem to compare well with other " new " countries such as Poland. At least the Government puts economic development in a leading place and from the Gazi downwards they are all determined that in their own activities for the development of the new Turkey they will establish a very high reputation.

8. With a view to forming some more definite idea of possible future requirements I asked the Prime Minister and others for some indication of the order of priority of the purchases they would wish to make abroad. But no reply was forthcoming.

In considering those further credits the main questions are how much and how soon? A refashioned Comptoir, with the additional resources mentioned above, should be able, possibly, to pay our existing bills in 1938 and might have a surplus over liabilities in 1939, with possibly a large surplus in 1940. This is the best possible picture. Can we risk granting further credits on it?

Here one special point emerged from our discussions. The Comptoir, and indeed Turkey's future as a whole, depends on the sale of her mineral resources. They are abundant, valuable and for the most part not difficult to extract. The major problem is to transport them, load them on to ships and market them. This means wagons, locomotives, loading equipment, and some port improvements. Credits for these purposes would be the wisest possible, whether from our or the Turkish angle, since they promote the most rapid development of Turkey's foreign exchange resources, on which we and they depend.

Inside the Turkish Administration, however, many departments are jostling for places in the Credit Stakes, and I had rather the feeling that the Eti Bank's claims might be pushed aside by those of more strenuous competitors. I ventured therefore to emphasise very strongly to the head of this bank the vital importance of getting adequate equipment for the transport, &c., of his minerals at the earliest possible moment, and the desirability of pressing upon his Government his case for any necessary credits. I ventured to say that in so far as he might require for this purpose to purchase supplies from the United Kingdom I would personally give sympathetic consideration to any proposals that might come before my department. I understood from him that a good deal of progress could be made for relatively small expense. He was impressed by this discussion and reverted to it later. It then appeared that he had not hitherto gone into the matter sufficiently closely; for instance, in addition to port equipment he would need a

great many wagons and some locomotives to get his iron-ore down to the sea. His Government are toying with the idea of constructing their own locomotive factory, but this would be a very costly job, and even if it were approved at once it might well be ten years before it turned out a single satisfactory locomotive. I ventured therefore to stress the importance of buying rolling-stock for his requirements in the near future, leaving these more ambitious projects until later.

I at once reported this conversation to the Ambassador and was glad to find that it met with his wholehearted support.

The considerations set out above may provide us with a first approximation to an answer to the enquiries I had made about priorities of Government requirements. From our point of view and equally from the point of view of the Turkish Government the most useful investment that we could make in Turkey would be one which would enable them to turn their minerals into foreign exchange as rapidly as possible. I suggest therefore that we could consider this as our practical line of action. We cannot enter upon it until we are satisfied that the Comptoir is going to work properly, but when we reach that position let us consider what we can do to provide the Eti Bank with equipment for transport, loading, &c., of its minerals. On M. Ilhami's forthcoming visit to London we may be able to get a more definite picture of the position.

F. H. NIXON.

December 1, 1937.

[E 7433/15/44] No. 79.

Sir P. Loraine to Mr. Eden.—(Received December 17.)

(No. 184. Confidential.)
(Telegraphic.) *Angora, December* 17, 1937.

MY despatch No. 215.

Patient and friendly pressure has at last borne fruit as regards facilities for air attaché.

General Staff have now decided to show him everything, and visits will be arranged to Kayseri aircraft factory and air regiments at Smyrna and Eskishehir.

Condition put, which he has accepted and I have endorsed, is that information thus obtained shall not be shared with service attachés of other countries.

I consider result most satisfactory, and that it will very likely lead to air attaché being consulted in technical matters.

Please inform Air Ministry.

[E 7568/528/44] No. 80.

Sir P. Loraine to Mr. Eden.—(Received December 28.)

(No. 750. Very Confidential.)
Sir, *Angora, December* 18, 1937.

I HAVE the honour to inform you that the Turkish naval attaché in London, who has been on leave and is shortly returning to his post, gave the following information to my air attaché yesterday :—

2. During the last few days Captain Özdes has been in constant conference with the marshal, Chief of the General Staff, who has decided that orders for the following armaments are, if possible, to be placed in the United Kingdom forthwith, subject to satisfactory financial arrangements being made :—

10 Submarines (probably of a coast defence type).
4 Modern destroyers.
4 Convoy sloops.
12 British Blenheim aircraft.
9 Large guns for the Dardanelles defences

3. It is proposed to entrust to Captain Özdes the placing of these orders in the United Kingdom. Captain Özdes has explained to the marshal the financial difficulties and also the fact that His Majesty's Government have no power to order private firms to supply such armaments, and that Turkey would have to deal and to make satisfactory financial arrangements with the individual firms concerned.

4. As a result of these explanations it had been decided that, for the purposes of these orders, the Turkish Government should make an entirely novel financial proposal (which I must suppose postulates payment through the Clearing Agreement) to the following effect : If, as was probable, there was delay over and above the usual eighteen months for money to be payable through the clearing account, the Turkish Government would pay 5 per cent. interest per annum for the extra time and continue to pay that rate of interest on the arrears until the final sum had been discharged in sterling in London.

5. It was pointed out that the shipbuilding order would obviously take three or four years to complete, and that by that time it was expected that Turkey would have much more money passing through the clearing account.

6. Captain Özdes furthermore informed Wing Commander Elmhirst that a representative of Krupp was now in Angora (and had approached him personally) for the purpose of securing this order, and was offering a 20 per cent. reduction on any British prices, but that the marshal was adamant in his determination to obtain these armaments in the United Kingdom if it were financially possible to place the order there.

7. I am bound to fear that the financial proposals outlined above may not at first sight seem either satisfactory or adequate. That the Turkish authorities are prepared to go even as far as that is, however, a measure of their anxiety to place these orders with the United Kingdom industry.

8. I trust that in any case the Turkish proposals will be examined at the proper time with the utmost sympathy.

9. The desirability of facilitating the provision from the United Kingdom of armaments which the Turkish Government wish to order there is so obvious, that I need not urge again the important political considerations which indicate the desirability of meeting the Turkish wishes to the full extent of our ability. I beg leave, nevertheless, to suggest that these considerations have even greater weight when it is a question of building ships for the Turkish navy.

10. I feel, therefore, that the known policy and interests of His Majesty's Government are sufficient to secure for the present Turkish proposals, when they are made, the most friendly and favourable consideration.

I have, &c.
PERCY LORAINE.